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NEWS SUMMARY

GENERAL

Games TV blackout threat

European Broadcasting Union officials had talks with Olympic authorities in Moscow after threats of a television blackout of the Games.

Tempers flared after troops sealed the Lenin Stadium and stopped Western TV crews from covering a rehearsal of the opening ceremony.

The Russians say they will supply a recording of the rehearsal to the networks. But technicians had wanted to perfect their own arrangements.

Six British servicemen competing have been sent Ministry of Defence telegrams banning them from talking to the Press.

Palestine talks

The United Nations General Assembly will begin an emergency debate on the Palestine question on Tuesday. In the UN women's conference in Copenhagen, the PLO led a second walk-out, of about 20 delegations, in protest against the Camp David agreement.

Mugabe seeks aid

Zimbabwe Premier Robert Mugabe is negotiating with China, Yugoslavia and Romania for aid. Page 3

Car tax plan

The Government plans to alter the law, so that all cars, even those not in use, will have to be taxed. It is estimated that tax evasion costs £75m a year. Page 8

Civil shortage

The Civil Service has not been able to attract enough accountants, computer staff, engineers and surveyors, says a report on 1979. Page 7

Flying home

Richard Queen, released hostage from the U.S. embassy in Iran, who is suffering from multiple sclerosis, will be flown from Wiesbaden to Washington today.

Handshake query

Inner South London Euro-MP Richard Balfe is to ask why Mr. Roy Jenkins, President of the EEC, is to receive a £90,000 gratuity on leaving office at the year's end.

His dying wish

Two years ago, a soldier dying from terrorist bullets in Ulster, said: "If I don't make it, make sure Anne gets my stuff." Yesterday, a High Court judge ruled that his nurse fiancee should inherit his belongings and £3,000 death grant.

Bridge completed

The Humber Bridge was completed yesterday, after nine years' work. The cost, at February prices, is £77.1m, plus loan charges of £49m. It will open in January.

Favourites lead

Two of the favourites for the British Open golf championship, Americans Tom Watson and Lee Trevino, shared the lead at Muirfield with first-round 68s. Page 9

Briefly . . .

Banana ship captain and its owners were each fined £1,500 at Southampton for causing a six-mile North Sea oil slick.

British Airport Authority is to apply formally next week to develop Stansted as London's third airport. Page 7

India plans to treble its nuclear power capacity in 12years.

A teenager died near Barmouth, N. Wales, when a wall of a 12 ft sand pit he dug with three friends caved in.

Chicago police arrested 46 in a round-up of drug dealers.

BUSINESS

Pound firmer; equities unsettled

● STERLING rose 85 points to \$2.3810 (\$2.3725) after falling to \$2.3705 in the morning. Its trade-weighted index was unchanged at 74.5. Page 32

● DOLLAR closed at DM1.7360 (DM1.7435). Its index fell to 82.8 (83.0). Page 32

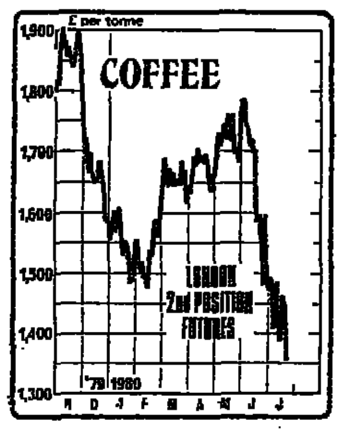
● GOLD was unchanged at \$625.5 in London, but showed a weaker trend during the day. Page 32

● GILTS maintained a strong tone and the FT Government Securities index gained 0.27 to 71.98. Page 38

● EQUITIES were unsettled by the Courtaulds statement and the absence of a further cut in MLR. The FT industrial ordinary share index closed 6.2 down at 496.9. Page 38

● WALL STREET was up 5.80 to 910.24 before the close. Page 33

● COFFEE prices fell to new 16-month lows on the London robusta futures market. The



September position closed £29.50 down at £1,352.50 a tonne. Page 37

● EUROPEAN chemical companies are being squeezed by a sudden drop of up to 17 per cent in the prices they can obtain for their petrochemicals and plastics. Back Page

● LONRHO, the international trading conglomerate, is raising £35m from its shareholders through a rights issue. The group will use part of the proceeds to develop new North Sea oil interests. Back Page; company results, Page 24 and Lex, Back Page

● RACAL ELECTRONICS completed its disposal of Decca's record division with the sale of its record manufacturing plant to London Print and Design.

● CENTRAL ELECTRICITY Generating Board was given Government approval to invest £200m on a 2,000 MW cross-Channel power link. Page 7

● GOVERNMENT may introduce next year longer-term provision to help companies overcome liquidity problems arising from the clawback of stock relief. Parliament Page 10

● UNIT TRUSTS in June had their best month for new business since last August, with sales of new units amounting to £62.9m. Page 8

● ROSSMINSTER GROUP, the tax counselling business whose offices were raided by the Inland Revenue a year ago, has had its latest accounts heavily qualified by auditors Coopers and Lybrand. Page 8

COMPANIES

● DISTILLERS CO. raised its pre-tax profits for the year ended March 30 by £13.8m to £193.9m, following a strong second-half recovery. Page 24 and Lex, Back Page

● GREAT UNIVERSAL Stores finished the year to March 31 with pre-tax profits £17.39m higher at £172.75m. This followed a first-half rise of £10.18m to £76.5m. Page 26 and Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 12pc 1983	£98¼	+ ¼
Treas. 10pc 1992	£83¼	+ ¼
Anglo Metropolitan	75	+ 5
Bestobell	315	+ 17
Cater Ryder	375	+ 20
Dorrington	102	+ 6
Electrocomponents	654	+ 11
Gerrard and Natnl.	288	+ 16
Gough Cooper	75	+ 5
Laing (J.) A	61	+ 5
Linfood	160	+ 5
Lon. & Prov. Shop	370	+ 23
Mallinson-Denny	62	+ 3½
Manson Finance	49	+ 4
Pennine Cmmrcial.	13¾	+ 2¼
Petbow	49	+ 7
Royal Worcs.	285	+ 15
Syltone	107	+ 7
Union Discount	500	+ 30
Westland	116	+ 5
Allstate Explor.	85	+ 10
Esperance Minerals	335	+ 45
Greenvale Mining	280	+ 40
Intnl. Mining	45	+ 5
Poseidon	220	+ 11
Strata Oil	150	+ 8
Western Mining	259	+ 8
FALLS		
Assed. Newspapers	293	− 18
British Sugar	238	− 5
Courtaulds	76	− 7
Ferguson Ind.	72	− 8
Forward Tech.	116	− 6
Haslemere Estates	354	− 8
Hollis Brothers	39	− 6
ICI	374	− 8
Lonrho	110	− 4
Midland Bank	368	− 10
Tate and Lyle	148	− 4
Unigate	132	− 4
Weir Group	32	− 5

Walls quits amid continued rivalry in Zimbabwe army

BY OUR SALISBURY CORRESPONDENT

GENERAL Peter Walls is to leave his post as head of Zimbabwe's joint military high command, after failing to make headway in integrating the armies that fought the Rhodesian guerrilla war.

A Government statement here last night said Gen. Walls was going on five months' leave, pending retirement. No reason was given and no successor was named.

The general's decision is likely to create alarm in the white community and could accelerate the exodus of whites. About 1,000 white people a month are already leaving Zimbabwe.

There was speculation here last night that a British officer might be asked to take up Gen. Wall's position bu the Foreign Office in London said no approach had been made

Gen. Walls has found the attempted integration of the two guerrilla armies—Prime Minister Robert Mugabe's ZANLA and Mr. Joshua Nkomo's ZIPRA forces—with the former Rhodesian army extremely difficult.

Relations between the two nationalist parties and guerrilla groups have been deteriorating rapidly, and Gen. Walls was seen as a relatively netural arbiter between them.

His departure will increase the danger of a split in the Zimbabwe coalition government, unless Mr. Mugabe can find an equally neutral figure to replace him.

General Sir Erwin Bramall, the British Chief of General Staff, arrives in Zimbabwe next week to review progress of the military integration. His visit has been planned for some time.

Given the deep-seated and mutual suspicion between the two guirrella forces and the virtual collapse of white morale in the former Rhodesian units a decision to appoint a military leader from one of the guerrilla groups would be political dynamite, especially in light of recent public friction between Mr. Nkomo and senior Mugabe cabinet ministers.

Commander Rex Nhongo, head of Mr. Mugabe's Zanla guerrillas clearly wants the job and would be the logical person for it.

But his appointment would be unpopular with Mr. Nkomo's guerillas and the 220,000 whites.

Gen. Walls, formerly commander of combined operations in Rhodesia's seven-year guerrilla was, was a surprise appointment as head of the joint command that embraced his former guerrilla enemies.

It was announced just before independence celebrations in mid-April that the general would take charge of the process of military integration to establish, with the aid of British military advisers, a new Zimbabwean army.

Gen. Walls was expected to stay until at least the end of this year when the integration process was scheduled to be completed.

It was announced yesterday that Mr. Robert Mugabe had appointed a nine-man Cabinet committee, headed by one of Mr. Nkomo's ministers, Mr. Clement Muchachi, the Minister of Public Works, to investigate the problems faced in establishing the new army.

Mr. Mugabe has also asked Britain to increase the number of its military personnel training the new army from 57 to 130.

In an official statement last night, it was revealed that the General had asked Mr. Mugabe to release him some six weeks ago.

The statement, issued by the Ministry of Defence, said: "Now that the stage has been reached where it was possible to form battalions of the national army at the rate of one every two weeks the Prime Minister is satisfied that Gen. Walls may be released to go on leave pending retirement."

Mugabe seeks Eastern aid, Page 3

Reagan chooses Bush after Ford talks fail

BY JUREK MARTIN AND REGINALD DALE IN DETROIT

AFTER A night of drama in which former President Ford resisted prolonged attempts to lure him on to the Republican ticket, Mr. Ronald Reagan insisted yesterday that in choosing Mr. George Bush as his running mate he had not settled for second best.

Within minutes of the collapse of the negotiations with Mr. Ford, Mr. Raegan made an unprecedented post-midnight appearance to an expectant convention to announce his choice of Mr. Bush.

Last night Mr. Reagan was obliged to work hard to defend his decision.

The Reagan camp is only too aware that it faces two potentially serious problems after what looked like rather heavy-handed fumbling of the choice of a Vice-Presidential candidate, the single most important issue of the 1980 Republican convention.

The first will be to dispel any doubt the incident may have cast on Mr. Reagan's leadership qualities. The second to establish that Mr. Bush is not simply a "second choice" candidate.

Mr. Reagan insisted at his first Press conference as official Republican nominee that the possibility of inducing a former President to serve as Number Two was "so unique that it was wrong to speak of first or second choices."

Mr. Bush also dismissed the "second choice" issue as irrelevant. "He wants me on his ticket and that is all I am concerned about," he said.

Even before this, Mr. Robert Strauss, President Carter's campaign manager, had somewhat patronisingly referred to the episode as a "mess."

The Democrats will clearly do all they can to exploit it. Mr. Carter actually called Mr. Reagan in Detroit yesterday morning to challenge him formally to debate in the campaign. Mr. Reagan accepted.

Choice of Mr. Bush has not gone down well with the Republican Right, even had he already emerged as the preferred candidate of the party's mainstream.

Yesterday afternoon it was still not clear whether ultra-conservative Senator Jesse Helms of North Carolina would go so far as to mount a symbolic challenge to Mr. Bush by placing his own name in nomination for the Vice-Presidency when the convention was due officially to endorse Mr. Reagan's running mate later in the day.

"Dream ticket" that never was, Page 4
Reagan's surprise, Page 22

Courtaulds faces grim year

BY ALAN FRIEDMAN

COURTAULDS, Europe's largest textiles group, is facing grim prospects for the current year's trading, Mr. Christopher Hogg, the chairman said yesterday.

He told the annual shareholders' meeting in London, that the group pre-tax profits so far this year were very substantially down on last year.

City analysts estimate this could mean a decline in earnings of between one half and two thirds at the interim stage, compared with £30.2m pre-tax profit for the first six months last year. The most difficult trading conditions are in the fibres and fabrics businesses, with exports a particular problem.

Mr. Hogg said group trading conditions were more difficult than any the company had experienced in the past few years, with orders and deliveries "falling sharply in the last two months."

The severity of the recession both in the UK and the U.S. had been greater than expected. "Since the year end there has been a further marked decline in the competitiveness of our UK operations as a result of the strength of the pound."

Mr. Hogg promised shareholders that he would vigorously pursue efforts "to improve productivity and concentrate resources on the strongest businesses."

Courtaulds, which has been carrying out an extensive programme of closures and redundancies, has taken actions in the past year which shed around 15,000 of its workforce to a present level of 86,000. A further 5,000 could be laid off in the next six months, bringing the total reduction to about 20 per cent of the workforce.

Of some 350 Courtaulds sites in the UK, about 50 have been closed in the past year. Many of the current rationalisations are related to the strength of sterling since much of the group's business is highly sensitive to the exchange rate.

Courtaulds is not alone in its present difficulties. A delegation from the British Textile Federation met Ministers at the Department of Trade and Industry on Wednesday to warn

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Chemical prices, Back Page

Japanese first half deficit £4.39bn

By Charles Smith, Far East Editor in Tokyo

JAPAN ran a \$10.4bn (£4.39bn) deficit on its external current account in the first six months this year, according to figures published yesterday by the Ministry of Finance.

The deficit, caused almost entirely by higher oil prices, is by far the largest in Japan's history and exceeds the \$8.75bn deficit for the whole of last year.

Japan's imports in the six months to June rose by 40 per cent to \$61.66bn, while exports were up only 22 per cent to \$57.7bn. The resulting trade deficit of \$3.96bn combined with a deficit of \$6.48bn on invisible transactions to produce the overall defict.

The startling increase in the value of imports masks an actual decline in import volume in some recent months. The volume of exports on the other hand has been growing rapidly as Japan has sought to cover its oil import costs by increasing its earnings from overseas markets.

Although the payments figures for the first half of the year look spectacularly bad, an analysis of the figures on a quarterly (instead of a half-yearly) basis suggests Japan may have begun to turn the corner. A seasonally adjusted current account deficit of \$4.28bn in the final three months of last year was followed by a peak deficit of \$5.09bn in the first three months this year, after which the gap diminished to [illegible] in the second quarter.

The deficit is expected to shrink further this year as the volume of Japan's imports continues to diminish.

Although Japan was in overall visible trade deficit during the first half of this year, its bilateral surpluses with the U.S., and, even more, the EEC, grew sharply.

The resulting deficit of Y889bn on the EEC's bilateral trade with Japan was 79 per cent larger than for the first half of 1979. The EEC deficit with Japan was larger, in yen terms, than the U.S. deficit and amounted to very nearly half of the value of Japanese exports.

£ in New York

—	July 16	Previous
Spot	\$2.3780-3790	\$2.3695-3705
1 month	1.54-1.49 dis	1.49-1.44 dis.
3 months	3.72-3.66 dis	3.47-3.42 dis.
12 months	7.20-7.05 dis	7.20-7.05 dis.

Bank lending boosts June money supply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BANK LENDING to the private sector, and public sector borrowing, remained strongly expansionary influences on the money supply last month.

The latest money supply figures, published yesterday by the Bank of England, and the absence of any cut in minimum lending rate, were brushed aside by the City financial markets. Prices of long-dated gilt-edged stocks rose by a further £¾.

The general expectation, both in the City and at Westminster, is still that MLR is likely to be cut in the next few weeks.

The latest figures highlight how the decision to cut MLR a fortnight ago was based much more on anticipation of a drop in the underlying demand for credit later in the year than on any firm evidence of this having occurred to date.

The official view is that the money supply is under control and that the deepening recession will result in a slower growth in bank lending later this year.

The latest figures show that, as expected, sterling M3, the broadly defined money supply, grew by 0.7 per cent last month.

In the four months since the start of the current target period in February, sterling M3 has risen by 11.1 per cent at an annual rate.

The rise in the past six months has been 10¼ per cent at an annual rate, compared with a 7 to 11 per cent official range.

The money supply statement also includes for the first time detailed figures for private-sector liquidity, which has grown more rapidly than sterling M3 in recent months.

The sterling M3 figures understate the underlying rate of growth, probably by about three percentage points. This is because of the continued rise, £180m last month, in bank acceptances held outside the banking system. These are a form of lending not covered by the main monetary statistics.

If these acceptances are added to the £436m rise in bank lending to the private sector last month there is no real sign of any significant deceleration in the demand for credit. But

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Cadbury fights to hold board post

BY ARTHUR SANDLES

MR PETER CADBURY, who was dismissed as chairman of Westward Television on Monday, is forcing the company to call an extraordinary shareholders meeting.

He claims to have support from shareholders owning more than half the voting stock to remove up to five directors.

The story is thus becoming a rerun of similar events in 1970 when a boardroom revolution temporarily removed Mr. Cadbury and Lord Lisburne, his deputy chairman, from their offices, as has happened this time. A shareholders' meeting restored the two men.

The Cadbury moves come after two days of backroom discussions and negotiations. An attempt was made to set up a private meeting between Mr. Cadbury and Lord Harris of Greenwich, the former Labour broadcasting minister, who was appointed chairman.

According to Mr. Cadbury, Lord Harris would not agree to a meeting until next week.

"I don't believe that any of Lord Harris's commitments could be as important as resolving this unfortunate state of affairs," said Mr. Cadbury. "To my mind, it was essential for us to meet no later than today."

Since Mr. Cadbury and his wife own 17.5 per cent of the voting shares and Lord Lisburne a further 5 per cent, they will have no problem in calling the meeting, which would have to be summoned within 21 days for a date no further than another 21 days away.

Westward is in the throes of defending its franchise area against counterbids from two well-organised rival groups. Mr. Cadbury was confident the company would win despite the conflicts.

He said he had not lobbied shareholders. Letters, telephone calls and telegrams had poured in offering support. He

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Mitterrand gains on party rival in latest opinion poll

BY ROBERT MAUTHNER IN PARIS

THE FRENCH President, M. Giscard d'Estaing, would win comfortably if a presidential election, not due until next spring, were held now, according to the latest public opinion poll.

The poll, which assumes that M. Giscard would be fighting a straight contest with a Socialist in the second round of the election, shows that he would beat by several points either M. Francois Mitterrand, the Socialist party leader, or M. Michel Rocard, the latter's main party rival.

The most significant difference between this poll, taken last week, and the last held in May and June, is that M. Mitterrand appears to be narrowing the gap between himself and M. Rocard. The earlier poll M. Giscard and M. Rocard found that a run-off between would result in a near dead heat, while the President would defeat M. Mitterrand by 54 per cent to 46 per cent of the popular vote.

The latest poll, however, shows that M. Giscard would beat M. Rocard by 52 against 48 per cent. The margin of his victory over M. Mitterrand would be reduced from eight points to six points, with the President obtaining 53 per cent and the Socialist leader 47 per cent.

Though the election is still eigth months away, the poll throws a new light on the internal squabbles of the Socialist party, which is not due to choose its candidate until the end of the year. The majority of the party supporting M. Mitterrand has so far found itself in the painful position of backing a candidate whose following in the country has been much smaller than that of the more youthful and charismatic M. Rocard.

This has presented the party with the real dilemma, particularly since a personality clash between the two men has been compounded by a fundamental policy conflict between the left and right wings of the party, represented respectively by M. Mitterrand and M. Rocard.

However, if M. Mitterrand's standing in the opinion polls continues to improve his chances of being chosen as the party's official candidate will be greatly strengthened.

Another interesting result of the poll is the effect that the candidate of M. Michel Debre, the former Gaullist Prime Minister, has had on Gaullist voters. His support among Gaullists has risen from 16 per cent in May to 21 per cent this month. The percentage backing M. Jacques Chirac the party leader, has dropped from 44 per cent to 40 per cent.

Payments deficit widens in Italy

By Rupert Cornwell in Rome

Italy's balance of payments plunged further into the red last month, as the central bank reported a provisional deficit of L783bn (£397m). This brings the shortfall for the first six months to L4,268bn (£2.16bn), compared with a L1,351bn (£685m) surplus a year ago.

The figures are particularly worrying since June is a month when the influx of foreign tourists normally ensures a balance of payments surplus.

However, the tourist industry this year has reported serious difficulties, in part due to the bad weather, but more probably as a consequence of the higher prices at popular resorts, and diminished competitiveness

The figures provide a worrying background to the bitter parliamentary debate in progress over the Government's economic package launched at the start of the month.

So far the payments deficit has been financed mainly by an increase in the foreign indebtedness of the Italian banking system, which rose by L2,913bn in the first six months of this year largely thanks to heavy foreign borrowings by public corporations and agencies.

Most forecasts now suggest that Italy will turn in a current payments deficit of up to £2.1bn this year, about as large as the 1979 surplus. But Sig. Giorgio La Malfa, the Budget Minister, yesterday emphasised again that the Government was determined to bring the payments deficit down and defend the current parity of the lira.

MICRO-ELECTRONICS STRATEGY UNVEILED BY COMMISSION

EEC bid to make up lost ground

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission yesterday unveiled a broad strategy for developing an EEC micro-electronics industry capable of making up some of the ground already lost to the U.S. and Japan.

At the same time, it urged EEC member-governments to move quickly towards a genuine single market for telecommunications equipment by opening up their public purchasing policies, so that at least 10 per cent of their annual orders can be tendered for by producers in other Community countries.

The Commission's recommendations, both on micro-electronics and telecommunications, are in response to requests from the Nine for the development of possible EEC-wide strategies. Stressing the growing need for urgent action in both sectors, the Commission is seeking final decision on its recommendations from the Council of Ministers by December.

After discussions with EEC producers, the Commission has concluded that the micro-electronics sector will need about £60m of financial help over the next fours years if it is to have any chance of doubling its share of world integrated circuit production from 6 to 12 per cent. Perhaps half of this sum could be supplied out of the Community budget, says the report.

Even if this expansion is achieved by 1984-85, the Commission's report points out that the EEC's market share would be less than half its current consumption of 25 per cent of world production. Nevertheless, the industry's turnover would be boosted by \$2.5bn-\$3bn, while sales of manufacturing equipment for integrated circuits could reach \$1bn in five years' time.

The Commission stresses the damaging implications for technological progress of dependence on outside suppliers. It criticises the national iniatives taken by France, Italy, West Germany and Britain as being nothing more than a palliative.

EEC producers are unanimous in believing that if they are to remain competitive in micro-electronics then they must begin the development, production and application of the components of tomorrow, including those smaller than one micron—says the report.

The Commission bases its strategy on:

- Co-ordinated national programmes through the creation of a Community information bank. National aid projects would have to be co-ordinated at Community level.
- A study of the opportunities for developing the role of computers in the design testing of micro-electronics. The necessary research and development should be centred in universities and specialised institutes up to half of whose costs could be met from public funds. However, the studies should be supported by a sufficient number of companies spread across member states and their results distributed.
- Development of a manufacturing equipment industry for micro-electronics is the most urgent of its recommendations, says the Commission.

On telecommunications, the Commission says a compatible system must be developed so that it can be linked in the same way as the telephone. Thus there is an urgent need for a harmonisation programme, the creation of an EEC-wide market for video terminals, the first steps towards opening up national procurement policies and the creation of a liaison committee to ensure the achievement of these recommendations.

Ireland's trade gap narrows

By Stewart Dalby in Dublin

IRELAND'S LATEST trade figures suggest that the tight fiscal and monetary policies of the Irish Government and central bank are beginning to bite.

June's visible trade gap closed to Ir£52m (£47m) from Ir£147m (£133m) a month earlier, bringing the six-months' deficit to Ir£764.4m compared to Ir£789.7m a year earlier—a fall of 3 per cent.

While exports were virtually static in June, imports fell to Ir£383m, down Ir£97m, to make the smallest trade gap for 18 months. The imports decline was due mainly to fewer purchases of consumer durables although less machinery and other capital goods were imported also.

While trade officials are encouraged that exports are holding their own, the visible trade deficit by the end of the year seems unlikely to be much different from the 1979 level.

Last year the visible trade gap was Ir£1.3bn. After invisible exports (mostly tourism), this translated into a balance of payments deficit of Ir£740m.

A deficit of this magnitude is unsustainable since it means the Government either has to draw on its slender reserves or borrow abroad if its newly independent currency is not to come under pressure.

Meanwhile, Ireland has received an Ir£10m loan from the European Investment Bank. A "global" loan, it will be made available to the country's Industrial Credit Company for lending to small and medium scale ventures throughout the country.

The loan is in a mix of European currencies and the Irish Government has guaranteed any exchange losses which could arise through the depreciation of the punt. It is for 10 years at around 3 per cent.

Settlement near to end Athens printing strike

BY OUR ATHENS CORRESPONDENT

A THREE - WEEK dispute between the Union of Athens Publishers and the 600-member Athens Printers Union over the introduction of modern printing techniques appears close to settlement.

The dispute has shut all but two of the 12 national dailies since June 25.

The exception, the communist dailies Avghi and Rizospastis, declared their agreement with the printers' three basic demands: negotiated terms safeguarding their jobs after introduction of the new printing techniques, increased social security payments, and reinstatement of dismissed colleagues.

The conflict began when the Daily Press printers went on strike in solidarity with 23 colleagues laid off from a magazine publication group which introduced the new techniques. The publishers then declared a lockout.

The two sides now appear close to agreement to delay introducing the new methods for four years.

France boosts food industry aid

BY TERRY DODSWORTH IN PARIS

THE FRENCH food processing industry, regarded by the Government as one of the key growth points in the economy, is to receive substantial aid channelled through special development contracts with the state.

Although no figures have been given for the overall cost of the scheme, some FFr 200m (£21m) has initially been set aside to form the capital of a new body, Institut de Developpement des Industries Agro-alimentaires, which will be charged with distributing the finance. The idea is to assist expansion with a particular emphasis on exports.

According to M. Michel Debatisse, Secretary of State for the agricultural and food industries, the aim will be to create a cluster of companies sufficiently large to compete on a European or world scale. Four sectors—milk, meat, tinned food and drink—have been isolated for special attention.

M. Debatisse has already begun talks with about 50 companies on development contracts. He says he would like to see the creation of at least 20 companies which could operate effectively at the European level, combined with a few others which would be exporting throughout the world. Prospects in the milk industry are particularly promising, he believes, with the development *of export markets to the Middle* East and South America.

Savings deal

ELECTRICITY Boards and British Gas are to accept each other's savings stamps, the Government announced yesterday. Mr. Norman Lamont, Energy Under-Secretary, said in a Commons written reply that the agreement will operate from August 4.

Polish unions urged to back members

AS MORE strikes were reported yesterday in Poland this time in Lublin in the east, the latest issue of Nowe Drogi, the main party theoretical journal, argues that the official unions must do more to represent their members, writes Christopher Bobinski in Warsaw. At present the unions are little more than management welfare departments and their main aim is to raise productivity.

Soviet withdrawals

The Soviet Union has withdrawn 16,000 troops and 700-800 tanks from East Germany over the past eight months, according to the West German Defence Ministry, writes Roger Boyes in Bonn. President Leonid Brezhnev promised last October to return 20,000 soldiers and 1,000 tanks to the Soviet Union.

Swiss trade deficit

Switzerland's trade deficit increased sharply to SwFr 6bn (£1.6bn) during the first six months of this year, compared with SwFr 5bn (£400m) a year ago, writes Brij Khindaria in Geneva. Imports in the period were worth SwFr 30bn, up 5.2 per cent, and exports SwFr 24bn, up 3.9 per cent.

Gierek for Bonn

Mr. Edward Gierek, the Polish leader, will visit Bonn in August for talks with Chancellor Helmut Schmidt, writes Roger Boyes in Bonn. It is possible that that a DM 1bn general purpose credit, which is being put together by a consortium of West German banks, may be signed then.

Oil workers go back

About 700 striking Norwegian production workers on North Sea oil fields went back to work yesterday after being told that their union's demands will be submitted to a compulsory wages board.

SOVIET CIVIL AVIATION

Accidents, delays and overweight engines

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

THE CRASH with heavy loss of life of a Soviet TU-154 tri-jet on a flight from the Kazakh capital of Alma Ata to the Crimea last week highlights serious problems in Soviet civil aviation. It closely follows the crash of a Polish Airlines IL-61 jetliner which stalled on the approach to Warsaw Airport in March killing all passengers and crew and that of a YAK-40 aircraft in Central Asia last month.

According to Western informants in Moscow, 163 people were killed in this latest disaster which would make it the worst known Soviet air disaster since last August when two TU-134 airliners collided over the Ukraine killing all 173 people aboard.

The IL-62, TU-154 and TU-134 aircraft are the mainstays of the Aeroflot fleet and carried 60 per cent of the 100m passengers flown by Aeroflot last year. These aircraft are also flown by most East European airlines and are earmarked to carry the bulk of the passengers to and from the Olympics.

Originally, Aeroflot hoped to take delivery of two brand new aircraft types in time for the games. These are the 400-seat IL-86 airbus and the 120-seat YAK-42 intermediate range tri-jet. They were due to enter into regular service on June 1, but have been delayed until later this year.

According to Western aviation experts, part of the reason is the major strain placed on the civil aircraft industry by an urgent investigation of metal fatigue and other problems which have been discovered in the IL-62. This was ordered after a Polish Airlines IL-62 crash.

The investigation turned up several cases of metal fatigue in the engines of other IL-62 aircraft.

The IL-62 is a pirated version of the British VC-10, but equipped with Soviet engines. These are both heavier and thirstier than the Rolls-Royce engines used on the VC-10. The weight of the tail engines obliged the aircraft's designers to incorporate a special rear wheel. This is dropped when the aircraft is parked to keep it upright without undue strain.

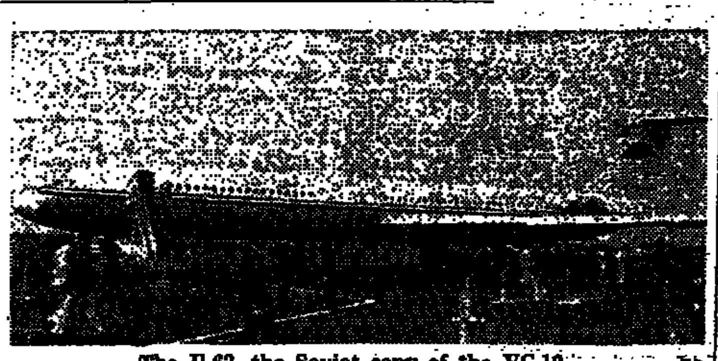
Overweight, underpowered and inefficient, engines are a major weakness of Soviet civil aviation. This is partly because priority has been given to the development of highly rated jet and rocket engines for military use. This clearly has helped make the present generation of jet passenger aircraft less economical. It has also proved a hindrance in the development of the Soviet airbus.

The Airbus engines generate only 28,000 lbs of thrust, compared to around 45,000 lbs each for the two U.S. engines powering the European Airbus and 55,000 lbs and more for the engines that power jumbo jets.

Soviet airline planners have thus been obliged to scale down the passenger capacity of the airbus to around 350 and to reduce its planned operational range to well under the 3,000-mile maximum. The airbus must also fly at below the theoretical maximum speed of 600 mph to save fuel.

The YAK-42, an expanded version of the highly successful but smaller YAK-40, was also scheduled to be in full service by now. It is being built by the Yakovlev aircraft plant at Saratov, south-west of Moscow, which specialises in the production of rugged, short take-off aircraft for the rough, non-paved runways of most of the Soviet Union's provincial airfields.

The YAK-42 has been heavily re-designed and equipped with new fuel-efficient engines which Aviaexport, the Soviet aircraft export corporation, claims are 95 per cent fuel-efficient and will fly the aircraft at a lower cost than the engines on the 33-seat YAK-40.



The Il-62, the Soviet copy of the VC-10.

The YAK-40, whose production has been stopped to make way for the YAK-42, was one of the few Soviet aircraft to attract attention and sales in the West. Last December, a Washington aircraft consultancy firm, ICX-Aviation, signed a contract with Aviaexport and other Soviet bodies for the purchase of the YAK-40 assembly line and related documentation. ICX market research revealed a potential market for up to 1,800 of these aircraft worldwide in the next 20 years on short-range feeder routes. The whole deal depended on around \$25m of U.S. federal and state funds to help finance construction of the new assembly line at a plant in Wheatfield, New York. It is now in abeyance because of the U.S. embargo on trade after the Afghanistan invasion.

In the absence of the IL-86 airbus and YAK-42 and the apparent withdrawal of the much heralded supersonic flagship for the 1980s, the TU-144 "Concordski," the only new generation Soviet aircraft to appear on schedule has been the new heavy jet freighter, the IL-76.

Its 40-ton carrying capacity has already proved its worth ferrying arms, men and heavy military equipment to support the Soviet build-up in Afghanistan.

ENERGY REVIEW

BY DAVID FISHLOCK

Sweden's nuclear industry still has a role to play

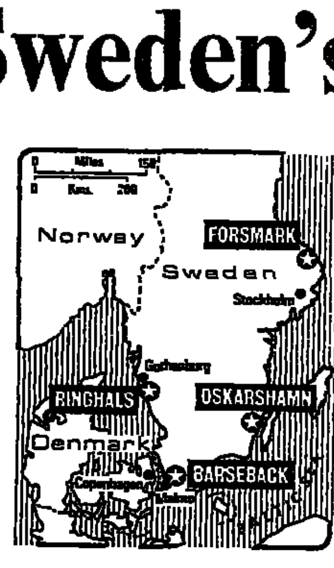
OF THE puzzles and paradoxes of the Swedish position on nuclear power not least is that, after five years in which it was the all-pervading political issue for the ruling Centre Party, it has hardly been mentioned since the referendum on the subject last March. The politicians have agreed upon a moratorium for the nuclear debate, although the industry remains acutely aware how quickly it could flare up again.

In what shape have those fraught five years left Sweden's nuclear industry? The obvious question is whether there can be a future for an industry which, on the face of it, will build only two more nuclear stations at home. While the Swedish people, confronted with three candidates, chose the one least damaging to the nuclear industry, ostensibly they voted to abandon nuclear energy when the two plants just starting construction come to an end of their 25-year design life, about the year 2010.

Currently Sweden, with about 10,000 MW of nuclear electricity on-line or under construction, already obtains about 25 per cent of its electricity from this source.

The dominant component of Sweden's nuclear design and construction industry is ASEA-Atom, owned equally by the electrical engineering group ASEA and the Swedish Government. It has designed and built seven of the ten nuclear plants completed in Sweden, and started work on two more, to complete the approved programme of 12 stations. Westinghouse Electric built the other three stations.

ASEA-Atom achieved sales totalling £25.4m last year, compared with £18.3m in 1978. But profits dropped from £1.7m to £830,000. The cost of all nuclear plants under construction soared — the electricity supply industry says that it rose



by about £500m between 1976-1980 — while the politicians argued whether or not they should be brought on-line. The Centre Party agreed that throughout the run-up to the referendum work should continue to avoid lay-offs in the industry. But it forbade the company to recruit any new staff. Not surprisingly, the company's own costs rose rapidly during this period. "It was very bad and very difficult for us," says Dr. Lars Leine, ASEA-Atom's technical director.

When the referendum gave the green light for two more 1,000 MW reactors, some of the major components were already nearing completion; for example, the pressure vessel, fabricated by the state-owned Uddcomb group, in the case of Oskarsham 3, and the concrete containment in the case of Forsmark 3. Now official instruction is to finish them with all dispatch. The company hopes to complete them almost simultaneously, in 1985-86. It is bringing in private civil engineering contractors with the specific purpose of speeding things up.

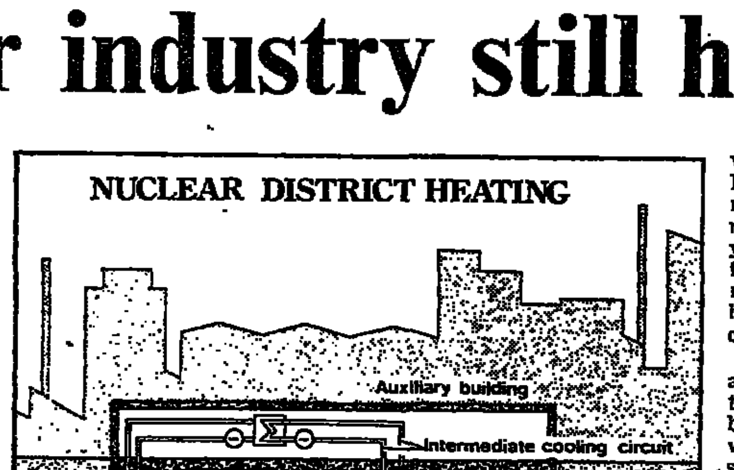
But what happens then? Because of the recession and revised forecasts for Swedish electricity demand, the electricity supply companies believe that with the programme of 12 nuclear stations Sweden will have ample generating capacity for the 1980s.

Unlike Europe's two big nuclear reactor design and construction groups, Kraftwerk Union in West Germany and Framatome in France, ASEA-Atom has never invested heavily in manufacturing facilities. It originally licensed the boiling water reactor (BWR) design from U.S. General Electric, and under the direction of Dr. Leine, has put its energies into perfecting the engineering and adapting its safety mechanisms to Swedish standards.

Dr. Leine believes that the mainstay of ASEA-Atom's business must be fuel, where the company has invested heavily in manufacture. It has the capacity to make 400 tonnes of fuel a year. Sweden's 12 reactors, when completed, will need about 300 tonnes a year. "We are aiming at a very high share," says Dr. Leine. In pursuit of this goal it has recently exchanged licences for its own BWR fuel technology with Westinghouse, for its U.S. pressurised water reactor (PWR) fuel technology. Thus ASEA-Atom now has the technology to compete for fuel for all of Sweden's reactors.

Another fuel project in which it expects to participate is the construction of a large central store for spent nuclear fuel from all Swedish reactors, to be built as a co-operative project by the three nuclear electricity supply companies—AB Kamkaft, Sydkraft AB and the State Power Board. The site chosen is at the Oskarshamn nuclear site.

These companies now export spent fuel to British Nuclear Fuels and Cogema in France, for storage at their reprocessing factories until their new plants for reprocessing spent oxide fuel are commissioned.



Sweden's SECURE reactor uses a gas bubble to provide intrinsic safety for a simple nuclear hot-water system for district heating.

The spent fuel store plan is a £100m project to hold 3,000 tonnes of fuel—ten years of operation. Precisely what role his company will play is still undecided, says Dr. Leine. He expects "a good share of the work" in designing and managing this project for a "plutonium mine" for the Swedish Nuclear Fuel Supply Company (SKBF), on behalf of the three nuclear utilities.

One possibility is that the politicians may wish to forgo for ever any idea of reprocessing spent fuel and reclaiming the unburnt uranium and plutonium. Political pressure for such a course of action was sufficiently intense in the late-1970s to induce ASEA itself to develop a highly original technique for encapsulating the spent fuel in artificial rock, for permanent storage.

ASEA's process makes use of the technology it originally developed to make artificial diamond, using a high-pressure press of its own design. Its central research laboratories have spent upwards of £2m—mostly ASEA's own money—developing a capsule of synthetic corundum (alumina) in which nearly 150 fuel pins from light water reactor fuel assemblies can be sealed. The capsule of artificial rock is over 2.5 metres long and weighs 1,600 kg. Once its lid has been fused on, the fuel is effectively sealed inside a canister of rock 10cm thick.

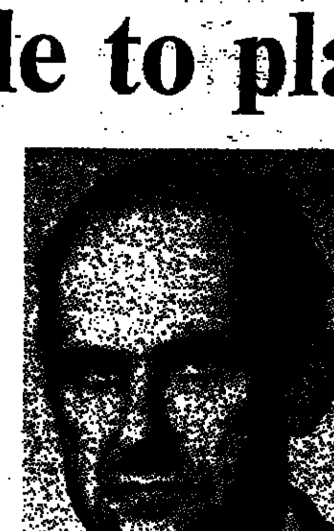
ASEA's high-pressure research laboratories at Robersfors have even demonstrated the technique on radio-active material, as part of the effort to convince sceptics that spent fuel can be permanently encapsulated in this way. "We have a process we know will work," claims Dr. Per Hedvall, ASEA's director of research. "But we know it will not be used for another 15-20 years." The spent fuel would first be allowed to "cool" radio-actively, to avoid excessive build-up of heat inside the capsule.

Indeed, ASEA researchers are resigned to the fact that their technology may well never be used, simply because it would make access to the fuel so expensive as to undermine the economic value of the residual uranium and plutonium it contained. To open the capsules again would require the energy of a diamond saw or a laser.

The call for a ban on all Swedish exports of nuclear reactors and associated technology, on the grounds that it increased the risk of nuclear weapon proliferation, was rejected by the Swedish public last March in the referendum. It leaves ASEA-Atom and its component suppliers such as Uddcomb free to sell overseas within the rules agreed by the nuclear exporting nations in the late-1970s.

ASEA-Atom has already exported two 660 MW reactors to Finland. With Russia, Finland's alternative reactor supplier, unable to meet the demands of the Comecon countries, the company sees an opportunity to sell Finland another: but not yet. The Finns, soon to bring their fourth reactor into operation, are not pressed to order the fifth.

Mr. Fredrik Segerberg, marketing manager of ASEA-Atom, sees brighter prospects in Mexico, which wants to make a contract similar to the one pioneered between West Germany and Brazil for the transfer of nuclear technology. It has got as far as picking prospective collaborators for three different reactor types. ASEA-Atom is the one it has chosen for BWR technology. The Swedish Government has backed



Dr. Lars Leine sees fuel as the mainstay of ASEA-Atom's business

the company's reference plan for a gradual transfer of nuclear manufacturing skills to Mexico.

In Turkey, ASEA-Atom's proposal "came out No. 1 in the evaluation for the state power board's first nuclear plant," says Mr. Segerberg. His company was to supply the 600 MW reactors; and another ASEA subsidiary, Stat Laval, the turbo-generator.

Uddcomb, at Karlskrona, with the pressure vessels for Sweden's remaining nuclear projects well advanced, also has export orders for three more pressure vessels from West Germany. But it sees the handling, transport and storage of fuel as a new nuclear market. It has just received a French order for four 80-tonne casks for transporting spent fuel.

The prospects for further orders for nuclear stations from the Swedish electrical utilities for the next few years are slight, not least because of the impact of the recession on electricity demand. With this in mind ASEA and the government last year made a new consortium agreement for ASEA-Atom. This permits it to act as architect-engineer for non-nuclear projects such as fossil-fuelled stations, desalination plants and chemical process plant.

One way he believes the nuclear market could soon re-open for Sweden is for a reactor which he himself has had a big part in the design. This is ASEA-Atom's hot-water reactor, designed simply as a source of hot water for district heating. SECURE — the Safe and Environmentally Clean Urban Reactor — would produce 400 MW of heat at an outlet temperature of 110 degrees C and a pressure of only seven atmospheres. This would suffice for a community of 50,000.

It is an intrinsically safe and simple reactor, which uses a gas bubble deliberately to provide inherent safety, as the accompanying sketches illustrate. If the cooling water flow to the reactor core fails, or even falters, the bubble above the core is displaced, allowing a solution of boron to flood the core and immediately shut down the reactor. Dr. Leine's idea is that SECURE would be installed underground, in a solid rock cavern, close to its heat load.

Dr. Sigvard Eklund, the eminent Swedish scientist at the head of the International Atomic Energy Agency in Vienna, criticised nuclear industry officials in Stockholm for neglecting the market potential of small reactors in their pursuit of big units for highly industrialised nations. Dr. Leine believes that Sweden could set the example by making SECURE its 13th reactor order.

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Sri Lanka—an IMF success story starts going wrong

The state of emergency imposed by the Sri Lanka Government on Wednesday partly reflects fears that a failure to meet expectations for better living standards could lead to violence. David Housego, Asia Correspondent, reports on how the island's economic experiment is running into difficulties.

SRI LANKA'S economic experiment is running into trouble. After ending the 1970s as one of the success stories of the International Monetary Fund and with two years of prosperity unparalleled in the decade, Sri Lanka is now one of those developing countries whose investment strategy is being knocked off course by a combination of rising oil prices, global recession and more restrictive Western aid policies.

The difficulties came to the surface during a fierce exchange at the recent annual meeting in Paris of the Aid to Sri Lanka Consortium. Western donor nations pressed for a slowdown in Sri Lanka's five-year public investment programme, which is designed to extend infrastructure and transform the country into a trade and manufacturing centre to compete with Singapore.

The programme was always too ambitious. But Mr. Ronnie de Mel, the island's Finance Minister, exploded in anger at the scale of the cuts being pressed on him. He said that the Government had three years ago introduced "almost revolutionary changes" in conforming to IMF policies and had taken "hard and unpopular decisions" in cutting back welfare subsidies.

The Government is now faced with the choice of whether to accept the deflationary measures proposed or turn to the international banks for what Western donors term "expensive commercial financing."

A key factor in its decision is that, though Sri Lanka has been politically quiet, it has a record of violence, trades union militancy and communist agitation that forced the former regime some eight years ago to call in foreign troops to suppress an armed insurgency on the island.

Recollections of this violence, and fears of renewed agitation if the Government fails to meet expectations of better living standards and more jobs, no doubt played a part in Wednesday's decision to impose a state of emergency to pre-empt a revival of trades union activity.

Sri Lanka is a test case of IMF realism. When President J. R. Jayawardene's United National Front Government took power in 1977, Sri Lanka had one of the most extensive welfare systems in Asia. But it was collapsing under the weight of a stagnant economy and over 1m unemployed in a population of 14m.

Under IMF auspices, his government opted for a policy of cutting back on welfare payments to finance higher levels of investment, and hence more jobs, and of export-oriented growth. The economy's performance is being monitored under the IMF's extended fund programme which carries the toughest of the fund's conditions.

In Mr. Jayawardene's first two years, national output expanded at 7 per cent, or double the rate of the early 1970s, investment climbed as the private sector responded to a more open economy and foreign-exchange reserves rose.

Much of the new prosperity was due to favourable export prices for tea, rubber and coconuts that account for about 55 per cent of export earnings and provide a significant contribution to incomes and tax revenue. Thus Sri Lanka's terms of trade improved about 40 per cent between the trough of 1975 and the good years of 1977 and 1978.

Colombo has been bashing in the backwash of this prosperity. One of the few danger signals has been an inflation rate of about 35 per cent that reflects the hectic pace at which tourism, construction and the service sector have been expanding. Increasingly, the whole island faces slower growth, continuing high inflation and fewer new jobs.

At the heart of this change is the sharp deterioration in the terms of trade as prices for imported oil and capital goods have risen and prices for tea, the country's major export, have slumped. The terms of trade index for 28 per cent last year and is expected to fall further over the next four years.

There is little chance of offsetting this through increasing the volume export of commodities because of poor estate management in the past. Manufactured goods are coming up against protectionism in the West. Textiles and garments have been the fastest growing manufactured exports and were the backbone of the New Free Trade Zone outside Colombo. But they have been hit by new quotas in the U.S. and it is a difficult time to be striking out into new ventures and products.

The difficulties of the export sector are also dampening prospects for growth and new jobs. But beyond this, the adverse shift in the terms of trade is exacerbating Sri Lanka's balance of payments problems and eroding the Government's tax revenues.

The current account deficit will almost certainly double this year to over $600m and could rise to over $1bn by 1982 unless there are curbs on imports.

At the same time, the addition to government revenues from the large IMF-sponsored cutback in welfare payments and subsidies which have fallen from 9 per cent of Gross National Product in 1978 to 5 per cent this year, has been almost entirely wiped out by the decline in revenues from tea.

In a country with a low per capita income, the Government has little scope for imposing additional taxes or further cutting back on subsidies. It will thus have only a meagre surplus of Rs 10.2bn (£290m) on its ordinary budget for 1980-84 to contribute to the five-year investment programme of Rs 67bn on which it is embarked.

This programme is the largest Sri Lanka has ever undertaken. Government investment has, in fact, risen from 6 per cent of Gross Domestic Product between 1974-78 to 15 per cent last year. The increase was made possible by a sharp increase in foreign aid which covered 65 per cent of public investment last year.

But over the next five years the programme assumes an annual growth in resources available to the Government of 5 per cent in real terms. Under present estimates neither tax revenues nor foreign aid will expand at this pace. To avoid cutting back the programme, the government must either increase domestic borrowing, which risks crowding out the private sector, or seek commercial finance from abroad.

It is on whether to make cuts in the programme, and where, that the Government is at loggerheads with the IMF and Western donors.

President Jayawardene's present goal is to compress into six years the giant 30-year plan for a multi-purpose hydropower and irrigation project on the Mahaveli River. But he also wants to emulate Singapore with high-rise apartments in central Colombo and a new administrative capital outside that smacks of megalomania.

His Government's difficulties have been compounded by the IMF's exaggerated idea of the resources available to it. The fund also, and understandably, failed to take account of the dramatic shift in the terms of trade last year. Also to blame are donor nations, including Britain, which committed funds to the Mahaveli project before feasibility studies had revealed its true cost and then left Sri Lanka to make up the difference, thus adding to the island's budgetary problems.

Sri Lanka will have no problem in raising funds in the international capital markets. Last year, it raised $50m in a syndicated loan arranged through Manufacturers' Hanover on which it has not yet drawn. But commercial borrowings on the scale now needed to cover the shortfalls in its present investment programme could carry the debt service ratio up from its present level of 10 per cent of foreign exchange earnings to a shattering 40 per cent by the end of this decade.

THE declaration of a state of emergency in Sri Lanka, as the Government moves to head off the threat of a general strike called by trade unions affiliated to the opposition parties, marks the first major confrontation between the Government and opposition since the United National Party, led by Mr. J. R. Jayawardene came to power in the 1977 elections, writes Philip Bowring in Colombo.

The unions are demanding large pay increases and the restoration of food subsidies to offset price rises. The Government claims the strike threat is politically motivated and under the emergency regulations, strikes in a wide range of services have been declared illegal and preparations made to use the armed forces to maintain essential services.

Behind the strike call is the Joint Trade Union Action Committee which unites unions linked to Sri Lanka's two main Marxist parties with those affiliated to the main opposition, the Sri Lanka Freedom Party of former Prime Minister, Mrs. Sirmavo Bandaranaike.

The opposition parties, especially the Marxists, have been divided since 1977 but they now hope to unite under the wage and price issue. They also hope to impede the economic policies of President Jaywardene. The government has been attempting to shift resources from welfare and consumption to capital investment.

The Government recently eliminated large subsidies on basic foods, causing very sharp price rises. Consumer prices are now some 35 per cent above the levels of a year ago. Wages for many in the private sector, and incomes of many peasants, have kept up or even surpassed price rises. But public sector employees have fallen badly behind.

Students call off Cape class boycott

CAPE TOWN — A three-month-old boycott of schools in the Western Cape, mainly by coloured (mixed race) students, was called off yesterday, its leaders said.

The announcement followed a mass meeting of the "Committee of 81."

The committee said "the movement will be suspended as from July 17. During the suspension we will actively campaign for the attainment of short-term demands at all the schools we represent."

The class boycott, which began last April, brought unrest and violence which culminated in three days of serious disturbances and at least 30 deaths in the Cape last month.
Reuter

Mugabe looks to Eastern bloc for aid

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE'S Prime Minister, Mr. Robert Mugabe, has begun negotiations with China, Yugoslavia and Romania for aid. In a local newspaper interview, Mr. Mugabe described Western assistance to Zimbabwe since independence in March, as "small" and said his Government was now being forced to turn to the Eastern bloc for help.

Some major Western companies were keen to invest he said, naming the Swedish SKF engineering group and Siemens, the West German electronics giant. He repeated his call for foreign investors to "identify" with Zimbabwe by allowing significant local shareholdings

The government wanted foreign investors to retain some profits in Zimbabwe rather than "taking them all out," but this would not be obligatory. He again spoke against nationalisation but said the State would take a direct interest in industry.

He forecast that the Government would take a substantial but not majority stake in some key industries and said that one international mining group had already offered the Government a stake in a venture. He supported workers' co-operatives and workers' committees which he described as "an extension of management."

In a separate development, the country's iron and steel producer, Risco, which is effectively State controlled, said it was prospecting for iron ore some ten miles from the steelworks in the Zimbabwean midlands.

The existing iron ore reserves have a further estimated life of 13 years but the new find being assessed at Ripple Creek, near Risco, would add a further 20 years' supply of iron ore reserves.

The iron and steel industry is a major exporter, with exports in 1979 valued at some £38m.

Two further potential private sector investments of considerable importance under consideration include the expansion of Wankie Colliery output for both export and for domestic consumption in the thermal power station being built at Wankie, and market assessment of the country's tourist potential by three major world hotel chains —Hilton, Sheraton and Inter-continental.

It was revealed this week that Wankie has been having talks with Citibank and also with the World Bank subsidiary, the International Finance Corporation, over the financing of mine expansion which will cost more than £70m.

Two locally listed companies, Delta Corporation and National Foods, this week announced major expansion plans costing an estimated £15m. in the food, beer, soft drinks and tourist sectors.

● Dissident nationalist guerrillas have killed two people, one of them a policeman, in north-western Zimbabwe amid mounting indications of discontent among the bush fighters, according to police yesterday.

Masire to succeed Seretse Khama

JOHANNESBURG—Botswana's ruling Democratic Party yesterday unanimously selected Vice-President Quett Masire to succeed the late Sir Seretse Khama as President.

Mr. Masire's selection assures his election as President because his party controls 29 of the 32 seats in the National Assembly.

Mr. Masire, who turns 55 next week, served as Finance Minister and general secretary of the Botswana Democratic Party as well as Vice-President under Sir Seretse.

The National Assembly meets today to formally elect a new President. His election is unlikely to result in any major changes in Botswana's internal or foreign policy, observers said.
AP

Syria-PLO improve their ties with Moscow

BY IHSAN HIJAZI IN BEIRUT

SYRIA AND the Palestine Liberation Organisation are embarking on new moves to strengthen their relations with the Soviet Union.

Mr. Yasir Arafat, Chairman of the PLO, flew to Moscow yesterday for talks with Soviet leaders and to attend the opening of the Olympics. In an address he delivered in Damascus on the eve of his departure he announced that the PLO had decided to mobilise Palestinian ranks in Lebanon in order to counter what he described as the "Phalange-Israeli conspiracy."

Political quarters said the vehemence of the speech was intended to draw Soviet attention what the PLO regards as the serious situation in Lebanon and Middle East as a whole.

There has been speculation, meanwhile, that Mr. Assad may now be prepared to sign a treaty of friendship and co-operation with the Kremlin.

A senior official in Damascus was quoted in Beirut's leftist As Safir on Thursday as saying that contacts are under way for a summit conference soon between President Hafez Assad and Soviet President Leonid Brezhnev.

Syria intends to upgrade the level of its collaboration with Moscow to ensure military assistance against Israel and to be in a better position to deal with Moslem brotherhood,

AMERICAN NEWS

Reginald Dale reports on five days of drama over the choice of Ronald Reagan's running-mate

The Detroit 'dream ticket' that never was

WHEN Mr. Gerald Ford arrived in Detroit for the Republican convention last Sunday, he said quite categorically that he did not want to be Mr. Ronald Reagan's Vice-Presidential running-mate.

It was clear that he meant it. His wife, Betty, one of the most important influences in both his private and his public life, did not want him to run. He disagreed, as does Betty, with important planks in the party platform — particularly those concerning women's rights — and they both said so openly. But the main point he chose to stress was a fine one of constitutional propriety.

Mr. Ford and Mr. Reagan both live in California. The Constitution says that the President and the Vice-President cannot come from the same state. There were possible ways round this. Mr. Ford has a home in Vail, Colorado, to which he could have transferred his main base.

That sort of manoeuvre, however, Mr. Ford said, would be a "cheap political gimmick," to which he could not subscribe. He gave a nod and a wink in favour of Mr. George Bush, or Senator Howard Baker of Tennessee as his preferred partner for Mr. Reagan. The message was clear: the Vice-Presidential candidate should be a moderate, but it should not be Gerald Ford.

For the next three days, Mr. Ford was to repeat this message over and over again. As the "draft Ford" movement gathered momentum, his supporters put it about that he was becoming increasingly irritated at the continuing pressure on him to change his mind. He would not admit it, but it obviously looked demeaning for a former President to be toying with the idea of serving as number two.

And yet, it would have been the "dream ticket." Mr. Ford's presidential experience would help to counter Mr. Carter's advantage of "incumbency." As a moderate, he would reassure all those who feared that under Mr. Reagan the party was heading to the far Right. Most importantly, it would also reassure the large number of people concerned about Mr. Reagan's age.

Mr. Ford, at 67, may be only two years younger than Mr. Reagan. But he would at least have provided the prospect of a replacement of Presidential calibre, should Mr. Reagan's health or mental powers fail.

The Chicago Sun-Times follows an unhappy precedent set in 1948, when another paper in the city proclaimed a Presidential victory for Governor Thomas Dewey—instead of Harry Truman

By Wednesday, such considerations were beginning to tell on Mr. Ford. On Monday, his birthday, he had given a much-acclaimed speech attacking President Carter, based on the yardstick of his own White House experience, that had made him the darling of the convention. The argument that it was his duty to party and country to serve again became increasingly difficult to resist.

And so he was tempted. At the last minute, negotiations—mainly conducted through intermediaries—got under way betwen the 69th and 70th floors of Detroit's giddying Plaza Hotel. At 6.30 pm on Wednesday, Mr. Ford let the cat out of the bag in an interview with Walter Cronkite of the CBS television network. He would not feel his pride hurt to be number two, he said—he was "big enough and self-assured enough" to take it.

But (and it was the "but" that was to determine the issue in the end) he would not be a figurehead or ceremonial Vice-President. He had to have what he called "responsible assurances" that he would play "a meaningful role across the board in the basic and crucial and important decisions that have to be made in the four-year period."

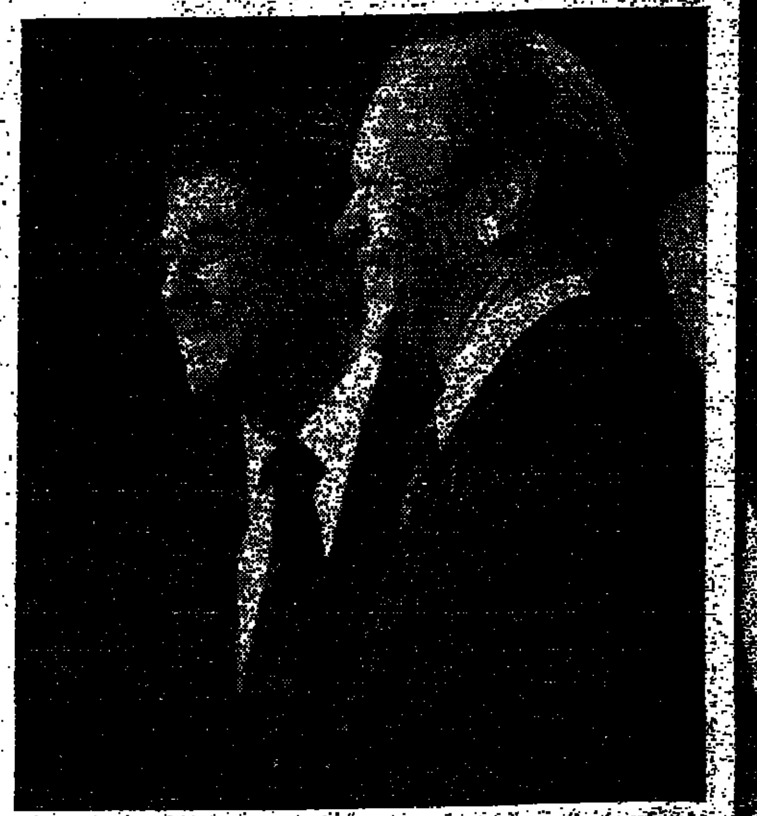
If they were not already aware of them, it was this statement that alerted the Reagan forces to the full implications of a deal. Mr. Ford was making it clear that he wanted to be not Vice-President but co-President.

The precise details of Mr. Ford's demands are not yet clear. It is fairly generally accepted, however, that he was seeking a major voice in foreign and national security policies—and thus almost certainly a predominant role in a new Republican Administration for Dr. Henry Kissinger (although Dr. Kissinger denies this). He is also said to have insisted on a say in, and possibly even a veto over, the appointment of Mr. Reagan's White House staff.

Late on Wednesday night, reports were coming out of "an incredible hang-up" between the two men. At around 11.45 pm, they finally concluded that it was not just on. Mr. Regan insisted afterwards that this was Mr. Ford's decision, not his. Mr. Ford had at no stage said "yes," he had simply agreed to discuss possible ways of strengthening the Vice-Presidency in what was a unique situation.

At that point, the party faithful on the convention floor, tipped off by the media, were working themselves into a state of frenzy at the prospect of the "dream ticket" materialising. Mr. Bush, who thought he was seeing the nomination slipping from his grasp, was said to be in a state of "confusion." Thursday's newspapers were printing their first editions with "It's Ford" headlines.

Mr. Reagan decided he had to settle it there and then, before the Ford story ran too far and the failure to agree in the end looked even worse. He summarily called George Bush, who gave a quick undertaking to support the entire Republican platform, and, at 12.15 a.m., in a major break with tradition, Mr. Reagan drove the few hundred yards down to the convention arena.



Former President Gerald Ford and Mr. Ronald Reagan—the "perfect" Republican partnership that failed to materialise

Typically, perhaps, of the whole extraordinary episode, Mr. Reagan began his announcement by saying that he had been watching TV and seeing the rumours and gossip that were spreading. It was true, he admitted, that Mr. Ford and he had "gone over and over this." But they had mutually decided that Mr. Ford would be of more value "campaigning his heart out" off the ticket. That was precisely where they had started four days earlier.

THE U.S. RECESSION

Industrial Midwest tightens its belt

BY MARALYN EDID IN CHICAGO

SHORTLY BEFORE the academic year ended, a graduate student at the University of Chicago's business school was offered a job in labour relations at the Cleveland factory of Gould, a Chicago-based manufacturer of industrial, electrical and electronic equipment. The only warning was that shaky economic conditions at the Cleveland division could mean he would have to move to another factory.

Three weeks later and two weeks before he was to report for work at Gould, the management trainee received a letter withdrawing the offer of employment because the deteriorating economy was forcing layoffs throughout the company. In early May, Gould had in fact frozen investment in its high-voltage electrical equipment, battery and housing-related operations after new orders had plunged without warning the month before.

Many companies in America's industrial heartland have been laying off workers for the past two months and otherwise adapting operations to a recession that has finally arrived. For their part, consumers who are short on jobs and disposable income, have cut back spending. The housing market here has been dormant since October, when interest rates took off after the Federal Reserve Board's dramatic decision to let the cost of money move with market forces.

In short, economic conditions in the industrial Midwest are overcast.

Economists generally agree that the states of Illinois, Michigan, Ohio, Indiana and Wisconsin will suffer more than other areas during this recession, which could be the most severe since the Great Depression of the 1930s. Unemployment in Illinois, Ohio and Michigan already exceeds the national rate, which was 7.7 per cent in June. The situation will probably worsen until the motor, steel, rubber and home-building industries snap out of their current depression.

Because so much of the economy of the upper Midwest is tied to the manufacture of capital and durable goods, these states are especially vulnerable to national business cycles. These generate peaks and troughs here that are steeper and often precede those of the economy as a whole. A decline in demand for housing, cars, appliances, and other consumer durables leads to a drop in demand for steel, component parts, chemicals and heavy equipment, which are industries vital to the region.

In Illinois, which boosts America's largest industrial sector after California, unemployment reached 8.6 per cent in June, which was the highest level since 1970. In metropolitan Chicago, economic weak spots are found in new orders, hours worked, layoffs and home building.

The state's economic fortunes had already been impaired by the time the national recession set in. A nine-week strike by the United Auto Workers union at Caterpillar Tractor last autumn and a six-week strike by the same union at International Harvester slowed down the local economy in the second half of 1979. The housing market had collapsed earlier than in other regions. The inflationary and speculative excesses of the late 1970s caused exorbitant prices that buyers simply could not afford, least of all when mortgage interest rates had surged to 17 per cent.

Layoffs have now spread throughout the transport, heavy machinery and construction industries. A quarterly survey of hiring plans by Manpower Inc. showed that only 25 per cent of Chicago's employers will recruit this summer, while 11 per cent will reduce their staffs. During the same period last year, almost 50 per cent of local employers anticipated larger payrolls, while 2 per cent expected to cut back.

According to a consumer sentiment survey by Continental Bank, the city's largest financial institution, the second-quarter index fell to the lowest point since the survey was started in 1972. The quarter-on-quarter plunge was 17 points. Meanwhile, hire purchase debt outstanding at local banks dropped \$661m in April, for the first decline since June, 1975.

The immediate prognosis for Illinois is not good. The pace of new job creation has been declining for the past 18 months. During the first quarter of 1980, employment in manufacturing fell 3.7 per cent against the same period a year ago.

More than 50 per cent of the State's 4.8m salaried workers are employed in iron and steel, fabricated metals and electrical and non-electrical machinery. Employment in these industries dropped 4.7 per cent in Illinois during the first quarter of the year compared with a 1.2 per cent gain nationally.

Illinois is also vulnerable to the shaky fortunes of Chrysler Corporation and the vagaries of the climate. Although the ailing motor manufacturer has once again been spared final dissolution, a shutdown would mean the immediate loss of approximately 26,000 jobs, including workers in related industries.

Anderson dismisses influence of Bush

By Simon Henderson

MR. JOHN ANDERSON, the independent candidate for the U.S. presidency, said yesterday that the new Reagan-Bush Republican ticket would not alter the findings of the opinion poll that the U.S. public prefers neither of the main candidates.

Mr. Bush, he said, would not take any of the moderate Republican vote because it would become clear that the new Vice Presidential candidate had embraced Mr. Reagan's political stance. Worried by what he saw as Republican extremism, he said Mr. Reagan and those around him had been taken over by the Right wing of the party.

Mr. Anderson would not be drawn on his own Vice Presidential choice, saying only he hoped to be able to announce it within six weeks.

Yesterday morning he saw Mrs. Thatcher, the Prime Minister, and Lord Carrington, the Foreign Secretary, and said he was impressed by their agreement on the challenges they had to face.

Mr. Anderson said his tour had made him aware of the greater clarity and consistency needed in foreign policy. On returning home he would be explaining this in a series of foreign policy speeches.

Earlier in the day Mr. Anderson had addressed a meeting at the Royal Institute of International Affairs.

Justice Department clears oil companies over shortages

BY DAVID BUCHAN IN WASHINGTON

A YEAR-LONG investigation by the Justice Department has concluded that the major U.S. oil companies did not deliberately create the 1979 petrol shortage in the U.S. It is blamed instead on lower crude oil imports from Iran.

The study was ordered by President Jimmy Carter in May 1979, at a time of acute petrol shortages in California and other states. There was a widespread "conspiracy theory" afoot among the public that the oil majors were somehow deliberately helping force up prices and thus profits.

Since then, the Administration and Congress have been working on a standby petrol rationing plan that would come into effect if fuel stocks were to drop by 20 per cent again. In addition, the President used the public's attitude aganist the oil companies last year to win approval for the tax on their windfall profits from freer domestic oil prices and price increases by the Organisation of Petroleum Exporting Countries.

But the Justice Department study exonerates the oil industry, saying: "There is insufficient evidence to justify a finding that anti-trust violations contributed to the shortage or that further investigation of this matter is warranted."

In the first nine months of 1979, petrol supplies in the U.S. averaged 463,000 barrels a day (b/d) less than was expected. But the Justice Department concluded that the bulk of this shortfall—about 62 per cent of it—was due to lower imports of crude and refined petrol, because of the Iranian revolution and its impact on the world oil market.

FAA urges engine checks on foreign airlines

BY OUR WASHINGTON CORRESPONDENT

THE Federal Aviation Administration (FAA) is sending foreign Governments copies of its order this week requiring inspection of a Pratt and Whitney jet engine widely used in the U.S. The agency said yesterday it expected many non-U.S. airlines to make similar safely checks.

The FAA order will entail the removal over the next few months of engines from some 1,600 Boeing 727, 737, and McDonnell Douglas DC-9 aircraft flown in the U.S. and powered by the Pratt and Whitney JT8D engine. Another 800 such aircraft are operated abroad.

The agency's directive is binding on U.S. airlines and advisory for foreign carriers. But the FAA has given airlines considerable leeway so as not to disrupt busy summer traffic. The engines only have to be inspected after a certain number of flying hours.

The investigation started last month when problems showed up on a Hawaiian Airlines jet and then on an Eastern Airlines aircraft. Last year, the FAA took the sweeping action of immediately grounding all DC-10s after one lost an engine and crashed at Chicago.

Bolivian army unit rebels

LA PAZ—The sixth division of the Bolivian army has rebelled against the civilian government of President Lidia Gueiler and demanded a return to military rule, a statement by the division broadcast by local radio stations said yesterday.

The radio report from Trinidad, the capital of Beni department, where the Sixth Division is garrisoned, 400 miles north-east of La Paz, said the statement was signed by the division's commander, Colonel Francisco Monroy. The statement said President Guiler's authority was not representative of the people and that the armed forces command should assume control of the country.
Reuter

OVERSEAS NEWS

Senior figures in Japan's ne wCabinet (fro mleft): Mr. Zenko Suzuki, Prime Minister; Mr. Michio Watanabe, Finance Minister; Masayoshi Ito, Foreign Minister; Mr. Toshio Komoto, to head the Economic Planning Agency; Mr. Yasuhiro Makasone, to head the Administrative Management Agency

Rivals take back seat in Suzuki cabinet

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S new Prime Minister, Mr. Zenko Suzuki, appears to have favoured his followers and given a back seat to his rivals in his Cabinet, announced last night.

Key Cabinet posts allocated to members of the Suzuki faction (formerly the Ohira faction) include the Foreign Ministry which goes to Mr. Masayoshi Ito, and the Ministry of International Trade and Industry (Mr Rokusuke Tanaka).

By contrast, Mr. Suzuki's principal rival for the Liberal Democratic Party leadership, Mr. Yasuhiro Nakasone, was allocated the comparatively obscure post of Director-General of the Administrative Management Agency. Mr. Nakasone is thought to have expressed dissatisfaction with the appointment but accepted it when told that he would get nothing else.

Another contender for the leadership, Mr. Toshio Komoto, seems less unhappy with his appointment as Director-General of the Economic Planning Agency. This position is generally regarded as the least important of the three main Japanese economic Ministries.

A key Cabinet post which did not go to a Suzuki faction member was Finance, allocated to 56-year-old Mr. Michio Watanabe. Mr. Watanabe, not formally linked to any faction, was previously Minister of Agriculture, with a high reputation as a debater and grass-roots party campaigner. His expertise on taxation should stand him in good stead, since tax reform is one of the main issues facing the new government.

The post of Chief Cabinet Secretary, which is of central importance in Japan, goes to a Suzuki faction member who was at one time regarded as a candidate for party leadership—Mr. Kiichi Miyazawa. Mr. Miyazawa thus becomes the only former leadership "hopeful" to occupy a really central part in the new Government.

A head count of factional alignments indicates that five Suzuki faction members (excluding the Prime Minister himself) gained places in the Cabinet while four posts each went to the Tanake and Fukuda factions. This reflects the importance of each group in helping to bring Mr. Suzuki to power.

The Tanaka group has been closely bound to the Ohira-Suzuki faction for some years, while the Fukuda group clinched Mr. Suzuki's leadership bid by supporting him at the last moment.

Mr. Suzuki's respect for factional alignments does not necessarily imply that talent was overlooked in the allocation of Cabinet posts. Seven members of the 20-strong Cabinet have been awarded portfolios for the first time so that new blood is fairly much in evidence. Among other key posts, Mr. Rokusuke Tanaka (a former financial journalist) should prove an able MITI minister.

Mr. Masayoshi Ito, who held the post of acting Prime Minister after Mr. Ohira's death, has enough international experience to make him a capable Foreign Minister though he seems unlikely to be as articulate or persuasive as his predecessor, Mr. Saburo Okita.

Production slowdown seen in Tokyo study

TOKYO—Most Japanese enterprises believe that production and shipment will slow down in the July-September quarter due to a decline in domestic demand and exports owing to the U.S. recession, a Government survey said yesterday.

The survey of 113 companies in 19 different fields was conducted by the Ministry of International Trade and Industry (MITI) towards the end of June. On Wednesday, MITI said the country's mining and industrial production index declined 1.2 per cent in May from the prior month, foreshadowing an economic slowdown.

The results of the latest survey are viewed as likely to spur speculation that the Bank of Japan may start easing credit. Already, many industry leaders have been urging the Central Bank to cut the official discount rate, which now stands at a record-matching 9 per cent a year.

In the survey, 21 per cent of the respondents said that production and shipment will rise in July-September, 38 per cent said they will level off and 41 per cent saw a decline.

In the basic raw material industries like petrochemicals and textiles, however, 71 per cent said production will drop and 27 per cent responded it will level off, while only 2 per cent predicted a rise.

The survey also pointed out that the non-ferrous metal, electric and some other industries are planning to postpone capital investment plans in anticipation of the easing of credit in the future.—AP-DJ

THE OGADEN DESERT WAR

Somali guerrillas brace for new Ethiopian assault

BY DAN CONNELL, RECENTLY OUTSIDE DEGAHABUR, ETHIOPIA

AFRICA'S little-known war in the Ogaden desert is catching fire again. The coming months are expected to see an intensification of the fighting between the Ethiopian Army and Somali-speaking guerrillas.

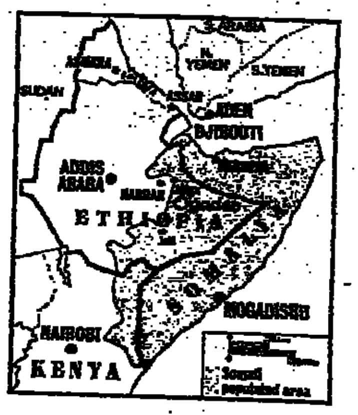
Ethiopia's Soviet-supplied army is rapidly building up here, but the long-expected counter-insurgency campaign against the nationalist Ogaden guerrillas has not begun. Sporadic fighting takes place here almost daily between the presently besieged government forces and the highly mobile guerrillas. The long-term outlook is for more of the same.

"The Ethiopians are building up, especially around Degahabur, Jijiga and Harar. They are increasing their armed forces, and it seems they are trying to clear up the Ogaden," according to Omar Nur, a member of the Central Committee of the Western Somali Liberation Front (WSLF).

The Liberation Front claims to control most of the countryside and the main roads in this desolate semi-desert region of south-eastern Ethiopia, but they appear hard-pressed to defend them against the overwhelming firepower of Ethiopia. The Front is fighting for the independence of this Somali-speaking region, which neighbouring Somalia also claims.

This is a war which has dragged on intermittently for close to 20 years and whose human and material cost has reached astronomical figures.

The consequences for Somalia and the entire Horn of Africa are staggering. Somalia fought Ethiopia twice here in full scale confrontations in 1964 and 1977. Thousands were killed, hundreds of thousands rendered homeless and the fragile economies of the region strained to the breaking point. In addition, there is the everpresent threat of a wider war which could easily draw in the Soviet Union and the U.S.



At the heart of the crisis here are the efforts by Ethiopia's military leaders to hold onto their sprawling northeast African empire against the Centrifugal force of a host of armed nationalist challenges. These stretch in a broad arc from the former Italian colony of Eritrea in the north through the western and southern provinces to the ethnic Somalis of Ogaden.

Ironically, all but the Western Somali Liberation Front are left wing movements, though even the guerrillas here received arms from the Soviet Union and training from Cuba, North Korea, Iraq and Syria before the Russians abruptly changed sides in 1977 to back the newly-installed Ethiopian junta.

Front leaders, who identify themselves now as Islamic nationalists, say they receive a trickle of aid from Iran, Iraq and Egypt, but like their tacit allies in Eritrea and elsewhere in Ethiopia, they appear generally isolated from the outside world.

The U.S., which is presently negotiating for rights to air and naval bases in northern Somalia at the former site of the Russian base in Berbera, has refused to become embroiled in the conflicts apparently in order to keep open the option of returning to favour in Addis Ababa in the event the Russians are displaced.

As a result, the Western Somali guerrillas are fighting a persistent but low level struggle with little more than small arms and mortars. They operate in small units hidden in the Ogaden bush and strike out regularly at supply convoys and small garrisons.

A singular problem for the guerrillas is the steady depopulation of the area by the ravages of drought, famine and war. Somalia estimates that there are 1.5m Ogaden refugees now in that country.

Simultaneously, the Ethiopian Government is trying to resettle non-Somalis here in an apparent effort to change the character of the indigenous population. The guerillas here acknowledge this and liken their situation to that of the Palestinians of the West Bank in Israel.

"When we get our independence, that does not mean we will join the Somali Republic. We just want to get our independence ourselves, with no Ethiopia, no Somalia," said Omar Nur, 38, a veteran of 10 years of guerrilla war.

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India reviews £1bn Jaguar fighter deal

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Defence Ministry is reviewing the £1bn deal with British Aerospace for the purchase and manufacture in India of the Jaguar aircraft but there is no indication yet that it is to be scrapped or radically changed.

Mr. B. N. Singh, the Minister of State for Defence, told Parliament on Wednesday that he was "not aware of the basis of reports" in the British Press that the Jaguar deal was being abandoned. This conforms with denials by both Indian and British High Commission spokesmen of reports that the deal was being scrapped.

However, Mr. Singh did admit that the deal was being reviewed although he said that no final decision had been taken. The Government, he said, "is examining various issues connected with the Jaguar programme and is yet to take a final decision on the scope and range of the Jaguar programme."

Some months ago, Mrs. *Indira Gandhi categorically* denied reports that the Government wanted to change the Jaguar deal but the statement by Mr. Singh suggests that there is some re-thinking about the contract. There is no doubt that the Government will equip the Indian Air Force with the Jaguar since one squadron is already operational and it would be illogical to terminate the purchase at this stage.

Under the original contract, British Aerospace is to supply 40 aircraft to the Indian Air Force and to allow the manufacture of another 120 aircraft in India by the Government-owned Hindustan Aeronautics headquartered at Bangalore in Karnataka State. A British Aerospace team recently visited India to discuss the manufacturing programme.

What has prompted the Government to review the Jaguar deal is not known. Any change would mean that heavy compensation would have to be paid to British Aerospace. Some Indian Press reports say that the Government plans to buy 80 Jaguar aircraft from British Aerospace but not manufacture any. However, these reports have not been confirmed

Mrs. Gandhi has kept the defence portfolio herself so the eventual decision would have to *be taken by her.* She is known to have close relations with the French Government which were cemented by President Giscard's visit to India last January when a number of collaboration arrangements were signed. This has given rise to speculation that India might buy the Mirage.

However, at the time that the Jaguar was chosen as the main strike aircraft for the Indian Air Force, the Mirage was ruled out because it was already in service with the Pakistan Air Force. This still holds good. The other contender, the Swedish Viggen, was not allowed to be sold to India by the U.S.

The Indian Air Force is presently equipped mainly with obsolete aircraft which need to be replaced quickly. Talks are now in progress with the Russians on acquiring the MiG-23 but this is to replace the MIG-21 and the Hunter—not the Jaguar.

W. Germans winners in race for Olympic contracts

BY ROGER BOYES IN BONN

WEST GERMAN athletes have missed their chance of capturing any medals in the Moscow games next week, but fleet-footed German businessmen have earned a gold in the race for Olympic contracts.

Despite Bonn's boycott of the games—a protest at the Soviet invasion of Afghanistan and a relatively painless gesture of solidarity with the U.S.—German companies have managed to clinch almost DM 300m (£72.4m) worth of Olympic-related deals.

A total of 21 supply and installation contracts have been reached between the Moscow Olympics organising committee and German companies. Of these about eight are specifically for the supply of sports goods—twice as many as have been placed in France or Japan. Only Soviet producers have succeeded in landing more orders for the Olympics.

The main Olympics related deal was landed by Rueterbau, a subsidiary of the state-owned Salzgitter group, which was commissioned to build a DM 230m nine-storey terminal at Moscow's Sheremetyevo airport to cope with the anticipated flood of visitors and athletes. The terminal was handed over to the Soviet Union with some degree of embarrassment five months ago shortly after the invasion of Afghanistan.

German companies argue that an asosicated sport-cum-business boycott of the Olympics would have been both foolish and inadvisable. Foolish, because most deliveries for the Games had been carried out before the boycott was announced and indeed before the invasion last December. Inadvisable, because many of the companies involved were relatively small and would have been faced with considerable financial problems had the deals fallen through. In addition there would have been the risk of economic retaliation by Moscow.

Some of the deals, though financially insignificant, clearly look far beyond the actual span of the Olympic Games. Thus Daimler Benz has supplied more than 20 vehicles free of charge for carrying athletes and officials between the hotels and sports centres. But at the same time the company is building 12 servicing stations—at least seven of which will stay intact after the games have finished—which will provide spare parts and repair work.

In financial terms, this agreement does not bring much to Daimler Benz but it provides the German company with a useful insight into Soviet motor needs and creates a substantial body of commercial goodwill with Moscow's buying agencies.

Many of the small to medium-sized companies benefiting from the games are active in the service sector. Thus Wella of Darmstadt is equipping the hairdressers in the Olympic Village and the Ortmann Company is supplying the Olympic kitchens with DM 50 000 worth of spices. Ortmann also helped to equip the kitchens, with the total contract coming to well over DM 1m.

Construction, installation and design work has proved to be a lucrative niche for some German companies. Gail of Ciessen supplied the ceramic tiles for the Olympic swimming pool, Siemens is taking care of some of the lighting, television and electronic installation, Linde of Wiesbaden supplied 500 special refrigerators for the Olympic Village and a Moscow polyclinic while Streif Consulting was responsible for a 1,000 square metre storage room for the organising committee. Standard Elekrik Lorenz (SEL) has delivered and installed 117 direct-dial telephones.

To some extent, the nature of the contracts reveal important gaps in the Soviet economy or at least the difficulties Soviet concerns have in adapting to suddenly increased demand.

The German companies' tight delivery schedules also played a role, especially in the sports equipment field. Ernst K. Spieth of Esslingen managed to supply the shooting ranges to Moscow in time for the 1979 Spartakiad. The Adolff Company delivered and laid artificial turf a year ago.

The sports suppliers that are most immediately affected by the boycott are those that were kitting out the German team. Nonetheless, Adidas, is still supplying (as part of large consortium) 7,000 to 8,000 pairs of shoes for the general Olympic uniform.

It is difficult to assess how much of this business is actually profitable for German concerns. For example Zanders Feinpapier supplied high quality paper products to the Moscow organisers (90 per cent of it before the boycott decision), but the problem is that they reduced their prices in return for the right to use the label "official supplier to the Olympics." It is difficult to see how a German company can now capitalise on that title.

The Olympics is none the less good business for many of the internationally orientated companies involved in supplying directly sports-related goods. The international television coverage means that a single close-up on a shoe label or digital clock will provide a discreet advertisement to hundreds of millions of viewers.

Hyundai wins Iraq hospitals contract

By Robert Cockburn

HYDUNDAI, the South Korean building contractor, has been appointed to construct the largest stage of the Medical City project in Baghdad. The contract, awarded after stiff international competition, is worth over Iraqi dinar 100m (£143m) to complete the stage 2B section of the huge medical complex.

The award follows a two-year suspension on doing business in Saudi Arabia following a scandal. Bouncing back so swiftly in the Iraqi market has gone some way to compensate for the potential loss of earnings over the next two years in Saudi, where it already has an estimated $1.8bn worth of contracts under way.

Significantly, it has shown that the South Koreans' reputation in Iraqi Government *circles has not been affected* by the scandal in Saudi Arabia. But some surprise has been expressed in the industry over Hyundai's appointment by the tough Iraqi Government which punishes its civil servants with the death penalty for any malpractices in business.

The long-awaited 2B contract involves the construction of a 650-bed surgical hospital, a 250-bed private nursing home, a 200-bed children's hospital, a conference centre, and extensive car parking, all to be finished within 3½ years.

Twelve bids were invited by the Ministry of Housing and Construction, which is *responsible for the development* of Medical City. Prior to the announcement, Hyundai was reported to have made the lowest bid at ID95m, althmough it is understood that this sum has now been raised above the ID100m mark.

The Hyundai success ends some of the speculation which has surrounded South Korean intentions in Iraq of late. It is also regarded as something of a set-back for the Kuwaiti push into the Iraqi market, sparked off in part by strong Korean competition forcing local contractors out of their own market in Kuwait. There have been fears that the South Koreans *might pose the same threat* to Iraqi contractors as they have done in Kuwait, where they have captured around 30 per cent of the local market.

The Kuwaitis have been angered by what they claim to be South Korean Government subsidies to their national companies in seeking contracts. Certainly, the Korean prices have been extremely competitive in Kuwait. The same low price range must have influenced Iraq, when it came to selecting a contractor for this delayed and inflation-hit medical project.

Japan refutes BL criticism

BRUSSELS — Japan yesterday refuted a charge by Sir Michael Edwardes, chairman of BL, that it hinders car imports through bureaucratic obstacles.

"Nothing can be farther from the truth . . . . one cannot be as easy-going as to claim that the Japanese market is closed simply because one cannot sell one's products there," the Japanese Embassy in Brussels said in a news-sheet.

The embassy was responding to an interview published *by the Brussels daily, Le Soir,* last week in which Sir Michael said: "The Japanese car makers flout the principles of free trade . . . . their market is completely closed *to us through* bureaucratic obstacles."

The embassy news-sheet said foreign cars imported into Japan were duty-free while the European Community imposed a levy of 10-11 per cent. Japan had gone out of its way to simplify testing and standards procedures for imported cars.

The main reason why European cars did not sell on the Japanese market was their "exorbitantly high price." the embassy said. Japanese cars were cheaper because of better industrial production. Reuter.

Hong Kong tightens control on textile export quotas

BY RODNEY HOBSON IN HONG KONG

HONG KONG'S system of control over textile exports is to be modified to stamp out under-the-table dealing in quotas.

Manufacturers, *already* burdened by the Quota Limits set by importing countries, have been paying high prices to buy quotas from "farmers." By setting up front companies, the farmers have applied for quotas they have no intention of using so that they can sell them to genuine manufacturers.

The main change is the abolition of the 50 per cent rule under which any company not using up at least half its quota was excluded in the following year. In future these companies will receive a quota equal to the allocation actually used.

The drawback of the old system was that small manufacturers using only a fraction of their quota allocation were actually forced by the rules to sell quotas in order to obtain an allocation the following year.

The removal of the 50 per cent rule is also intended to smooth out the issuing of preliminary quotas in December. In future companies will not have to demonstrate that they have used at least 50 per cent of their quota in order to get a provisional allocation for the new year. This should speed up the issuing of quotas at the start of the year and avoid the creation of a temporary artificial shortage.

Another new rule means that companies will have to show that they are genuine manufacturers before they are granted quotas. They will have to state their monthly production capacity, and the figure will be checked by the Government from time to time. They must also demonstrate that they have received payment for the items *they claim to have produced.*

John Wyles adds from Brussels: The European textile industry will continue to need the protective provisions of the multi-fibre arrangement (MFA) when the present agreement expires at the end of next year, but it should not look for similar shelter from the effect of imports from the U.S.

No U.S. action

This was emphasised yesterday by M. Etienne Davignon, the EEC Commissioner for Industry, when he commented on a Commission report to member Governments on the effectiveness of the MFA in 1978 and 1979.

M. Davignon offered few clues as to the Commission's thinking on the next MFA. But he saw no scope for action against imports from the U.S., which were 65 per cent higher last year than the year before.

The Commission's report to the Council broadly concludes that the MFA in its first two years achieved the objective the EEC established in 1977.

It asserts that a reduction in the growth rate of imports has been achieved, and that ceilings negotiated through bilateral agreements have been observed. In comparison with the 25 per cent annual growth between 1973 and 1976, imports of MFA *textile products showed* an average increase of only 4 per cent in the succeeding three years.

Judgment may signal end to much EEC red tape

BY JOHN WYLES IN BRUSSELS

THE PROBABLE end of many requirements for petty harmonisation by Brussels "Eurocrats" was signalled here yesterday following a little noticed judgment by the European Court of Justice.

M. Etienne Davignon, the EEC's Industry Commissioner, yesterday *drew* attention to a February judgment in the case involving "Cassis de Dijon." This stemmed from an attempt to market the blackcurrant-based French product in West Germany which was frustrated by German regulations governing alcoholic drinks.

Asserting the right to free circulation of goods within the Community, the Court ruled that any product legally manufactured and marketed in one member State must in principle be admitted into another. In the Commission's view, the ruling cast doubt on the legality of many so called non-tariff *barriers to EEC* trade which exists in the form of technical norms and standards.

M. Davignon said yesterday that there would be less need for the Commission to be involved in drafting Community-wide standards for many products as a means of securing the withdrawal of national regulations.

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Planning permission call for Stansted

BY WILLIAM HALL

THE BRITISH AIRPORTS Authority will formally apply for planning permission to develop Stansted as London's third airport next week.

BAA will shortly seek powers to acquire the 1,500 acres needed for this.

It intends to publish a "statement of case" later this year, saying why it thinks an airport there is needed.

A public inquiry is expected to take place next year. A decision will be announced by the end of 1982.

The BAA hopes to begin construction in 1983, with completion timed for 1988. The airport, which would cost about £350m at today's prices, would handle 15m passengers, roughly half Heathrow's capacity and could employ up to 20,000 people.

The authority believes that traffic will rise by an average of 5 per cent a year in the 1980s. It hopes to alleviate the growing congestion at Heathrow by developing Stansted.

In its annual report yesterday BAA reported that Heathrow handled 28.5m passengers last year and was close to capacity.

Because of delays in bringing the new terminal into operation, it forecast that Heathrow would face "severe overloading" between now and 1985.

In an effort to switch traffic to Gatwick, traffic charges at Heathrow have been increased substantially.

Last year the authority increased its trading profits by 14 per cent to £35m.

After adjusting for inflation the performance was not so good. Trading profits on a current cost accounting basis fell by 23 per cent to £9.5m. After taking tax and interest into account, current cost loss increased from £4.0m to £5.4m.

With a traffic growth of 8.4 per cent and inflation of 20 per cent, an 18 per cent growth in income was described as "very disappointing." The authority made a current cost accounting return on average net assets of 2.1 per cent, against 2.8 per cent the previous year.

In the early 1970s BAA made rates of return of 6 per cent. This is the Government target for the next three years.

To meet it traffic charges were increased by 35 per cent last April. They are among the highest in the world.

Landing charges are likely to rise in line with inflation with the option of another 5 per cent extra tacked on.

Aside from the tough financial target which it has been set BAA has worked within very tight cash limits. Although it had £19m on deposit with local authorities the Government forbade its use to finance capital spending.

As a result BAA suspended various construction work and incurred £3m in penalty payments to contractors.

In the next five years BAA plans to spend £700m on expanding airports. After several years of financing itself internally, it will soon borrow some £120m.

Civil Service having trouble filling vacancies

BY ROBIN PAULEY

THE CIVIL SERVICE has been seriously short of suitable applicants for jobs as accountants, computer staff, mechanical and electrical engineers and surveyors.

The 1979 Civil Service Commission annual report shows that recruitment of architects and civil engineers was only just enough to fill vacancies caused by retirement and resignation.

There were many unfilled vacancies in other areas and the position has changed little during 1980. Only 24 out of 51 vacancies for accountants were filled in 1979.

The number of unfilled posts in the main disciplines stood at 500 in 1979 and the number of vacancies for newly qualified graduates doubled to 460, compared with 1978.

A high level of resignations from the administration group also increased the number of vacancies. In the executive officer grade, for example, there were 45 per cent more (5,500) than the year before.

The report says there was "a hiatus in recruitment which inevitably disturbed the running of the commission's administrative machine."

The early months of 1979 produced high wastage because many people left because as the gap between civil service pay rates and rates in the private sector had widened.

A temporary ban on recruitment was then introduced by the Government while it reviewed long-term staff reductions. This, coupled with its declared aim of significantly reducing overall manning levels every year until the next election, seriously affected recruitment.

"The task of restoring confidence among candidates during 1980, especially but not exclusively, in the specialist grades will not be easy, says the report."

A new upper age limit of 44 was introduced in the open competition for entry for executive grades after protests that the former limit of 27 discriminated against women. The use of age limits in all departments is now being reviewed.

The report makes predictable comments about the educational background of applicants:

"Candidates with better degrees were clearly more successful in the open competition for entry as administration trainees. And graduates of Oxford and Cambridge, as a group, were very much more successful than graduates of other universities."

Of 73 external candidates who took up posts as administrative trainees in 1979, 45 were Oxbridge graduates and 28 were graduates of other universities or polytechnics. All had degrees of at least lower second class.

£200m investment approved in cross-Channel power link

BY MAURICE SAMUELSON

YESTERDAY'S Government approval for the Central Electricity Generating Board to invest £200m on a 2,000 MW cross-Channel power link brings closer to implementation an idea once described as "exporting British coal by wire." It will be buried in the sea-bed between France and England.

The scheme, which also has the blessing of the French Government, will shield the CEGB and Electricité de France (EdF) from supply breakdowns. Thanks to the seasonal time difference between the two countries, the two authorities will be able to help each other to spread their loads at peak consumption hours.

Britain would sell France the equivalent of 1m tonnes of coal a year, and the scheme could pay for itself in five years. EdF's investment could be greater than the CEGB's as it will also have to strengthen transmission lines in France.

Yesterday's announcement said final approval had been given for the first 1,000 MW stage and the second stage would be approved in step with the French Government.

The last hurdle is to get planning permission for the English terminus of the buried cable. The CEGB wants it to be at Sellindge, 12 miles inland from Folkestone. Local objectors want the building, 340 ft long and 80 ft high, to be near the Dungeness nuclear power stations rather than on agricultural land.

Yesterday, the Board won a qualified victory when the joint inquiry, by the Environment and Energy Departments, upheld its appeal to site the converter station at Sellindge. But it was also asked to report urgently on possible alternative cable routes before a final decision on Sellindge was made.

The link will be a significant addition to the network of some 130 "inter-ties" between the electricity grids of European countries. They provide security of supply in case of power station failure, and enable the industries to swap current profitably to meet one another's peak loads.

The CEGB and EdF have already been linked for nearly 20 years by a 160MW line between Dungeness and Boulogne. It proved useful in the 1960s but is now too small to cope with the demand for electricity in both countries.

There is also a 500MW cable spanning the 90-mile Skagerrak seaway between Norway and Denmark. The latter at first lay on the sea-bed and as it proved vulnerable both countries have been collaborating on a plan to bury it. In places it lies a third of a mile deep.

The impetus for the cross-Channel cables was given by the 1974 oil price increases. France, particularly dependent on oil, was eager to be linked to the British electricity generating industry, 70 per cent of whose fuel is coal.

Last August, both authorities began to investigate how to dig trenches in which the four high tension lines would be buried, safe from anchors, trawls or other disturbances below the world's busiest shipping lanes.

The British trials ended in success last November. The technique was devised by CEGB engineers in collaboration with Land and Marine Engineering and Balfour Beatty. The working group built two submarine machines for cutting the trench, 5 ft deep and 2 ft wide, in rock, and for laying the cable in it.

Mr. John Yates, the project engineer, said the system could cut a trench to France in 30 days and would then lay a pair of cables in another 10 or 11 days. It would lay them in continuous lengths to avoid the weakness of a join at sea.

The trench-making machine, controlled from an accompanying surface vessel, uses a rotary shearer like that used in coal cutting. At the same time it feeds a steel hawser into the freshly-cut trench. The French have devised a different technique, of burying the cable in rock, as well as in the loose rock 150 ft below the main shipping lane.

The English converter station at Sellindge would account for about one-third of the UK investment. Its role will be to change the direction of flow of power between France and England. The power would equal that of a major power station.

To meet changing patterns of demand on each side of the Channel, the normal 400 kilovolt alternating current in both countries would be converted into direct current while it is in the inter-tie.

Give Ombudsmen more power—jurists

BY ROBIN PAULEY

THE SCOPE of local Ombudsmen's powers should be considerably extended and their findings should be enforceable through the courts, says a report by Justice, the British section of the International Commission of Jurists.

The report says local Ombudsmen should in future, be able to investigate complaints of maladministration involving parish and town councils, contractual and commercial matters and internal school matters.

It should also be possible for the public to complain directly to a local Ombudsmen as well as through a member of a local authority, the present method.

The Ombudsmen, it goes on, should not be able to investigate matters on their own initiative without having received a specific complaint. More complainants should be interviewed before a decision is taken on whether or not to investigate.

Justice also thinks the cost of the local Ombudsman service should be paid by central government rather than by local authorities.

The Commission for Local Administration in England, which runs the local Ombudsman service, yesterday welcomed most of the Justice recommendations but differed on two important points.

It wants to be able to accept a request from an authority to investigate a matter — maladministration in an old people's home, for example—which had not been the subject of an individual complaint. The Ombudsman should not be prevented from exposing a possible injustice caused by maladministration because the obvious complainant—perhaps a child or elderly person—was dead, it said.

The Commission could also see no point in changing the source of funding the service. The local Ombudsmen service was provided for the consumers of local and water authority services and it was logical that they should pay for it.

• *The Local Ombudsman; Justice, 95a, Chancery Lane, London, WC2; £2.50.*

CONTRACTS

£6m order for drug pilot plant

MATTHEW HALL NORCAIN ENGINEERING has been awarded a £6m contract for the design, procurement and construction supervision for a biological pilot plant for G. D. Searle at High Wycombe. The plant, expected to be in operation by the end of 1981, is to be designed to produce new therapeutic materials basically derived from micro-organisms, plant and animal cells. The first substance to be produced will be Interferon, the potential anti-cancer drug.

★

MITCHELL COTTS states that its London-based subsidiary, Capital Plant International, has been awarded a contract by the Indonesian state oil company, Pertamina to design and construct a gas lift installation on Bunyu Island. The contract will be carried out in co-operation with two Indonesian companies, P. T. Karli's and P. T. Trans Nusantara Multi Construction. The plant will cost around £5.46m (U.S.$13m) and will substantially increase the crude output from Bunyu. Bunyu is the location where Pertamina also intend to establish a methanol plant in conjunction with foreign partners.

★

ERNO Raumfahrttechnik GmbH of Bremen on behalf of the ESA (European Space Agency) has placed an order worth £3.5m with the space and communications division of BRITISH AEROSPACE DYNAMICS GROUP for five flight-standard spacelab pallets. The pallets are for NASA and are scheduled to be delivered between 1981 and 1984. The Spacelab pallet was specifically designed as a general-purpose equipment mounting platform of modular construction to fit in the cargo bay of Space Shuttle. Depending upon mission requirements pallets can be used singly, in groups of two or three or up to five to form a platform assembly on which experimental equipment can be mounted and integrated prior to being loaded into the cargo bay of Space Shuttle. With a design-life of 50 missions or 10 years, the pallets are reusable.

★

The southern construction division of WILLIAM PRESS AND SON, has been awarded a £2m period mains and service-laying contract by Eastern Gas for the outer metropolitan area of London, principally in Tottenham and Harlow.

★

WESTCODE SYSTEMS, the industrial automation specialists of Westinghouse Brake and Signal Company, a member of the Hawker Siddeley Group, has been awarded a contract for the centralised monitoring system to be installed on a production platform in the Magnus Field in the UK sector of the northern North Sea. The contract, valued at over £1.1m, was placed by Matthew Hall Engineering acting for BP Petroleum Development.

★

RAPPORT INTERNATIONAL, through its UK-based vehicle conversion subsidiary, has won an order to manufacture highly technical telecommunications vehicles for Rockwell International. The contract is worth more than £1m including the electronics systems. Rapport has specified the Range Rover as a base vehicle, which will be completely rebuilt with a specially-designed uprated chassis having a load capacity of 2.2 tons. The feature of the design, is the geometry of the rear suspension and the control of the drive line.

★

BUPA has ordered an IBM 4341 processor with peripheral and communications hardware worth £1m. The two megabyte processor will be used in a multiple cpu environment to drive a sophisticated SNA network supporting 130 IBM 3278 terminals in BUPA's 17 branches. Delivery, which starts in October, will be phased over two years.

★

A contract to provide operating personnel for the Tartan A platform has been awarded to EXPLORATION AND PRODUCTION SERVICES (NORTH SEA) Texaco North Sea UK Company. Worth around £1m in the first year, the contract calls for more than 60 men to operate Texaco's production facilities, power generation, processing equipment and all utilities on the platform.

★

The French Government has awarded a contract worth over £500,000 to MARCONI SPACE AND DEFENCE SYSTEMS for the provision of practice delivery torpedoes (PDT) to the French Navy, to train personnel in the handling and use of the Mk. 46 lightweight torpedo. The Mk. 46 PDT is an instrumented non-running practice torpedo. It is used for handling, loading and carriage exercises, air-drop training and firing practice from surface ship torpedo tubes. The PDT can be recovered and used more than 150 times.

★

An order worth over £400,000 has been placed with SONY BROADCAST by A.T.V. Network for VTR and editing equipment as a replacement for all of the existing VTR installations of Elstree Studios.

★

A £264,000 order for 12 Tracer position monitoring units has been received by DECCA SURVEY from the Trinity House Lighthouse Service. It will enable the position of unattended navigation buoys, light vessels and light floats to be monitored at all times.

Potential exports of trucks 'hopeful'

By Ray Perman, Scottish Correspondent

THE MOTOR distribution and trading group Tozer Kemsley and Millbourn has found encouraging signs of a large export market for the four-wheel drive trucks made by Stonefield Vehicles, the company which it has an option to buy.

TKM has been evaluating the overseas demand for the truck, which has been tested by the British, and a number of foreign defence forces; and it is satisfied that there could be substantial orders over the next few years.

However, the group has to consider now whether sales could be made quickly enough to stem the heavy trading losses being sustained by Stonefield, and turn the financial position of the firm round within three to four years.

TKM has signed an option with the Scottish Development Agency, which has invested £4m and now owns Stonefield, and has until August 1 to decide whether it wants to buy.

The Government has set a limit on the extent to which the Agency should continue to support Stonefield and an adverse decision from TKM would probably mean the receiver being called in.

Mr. Christopher Tenant, who has been investigating the project for TKM returned this week from Kuala Lumpur, where he has been assessing likely demands from the Malaysian defence forces which have had two Stonefield vehicles on test for nine months.

He said yesterday that there was wide acceptance for the vehicle and, in the long term, there may well be a substantial export market for it.

The board of TKM International (Holdings) would consider the option at its meeting on July 29.

Domestic gas prices 'may rise 125% by 1982'

BY SUE CAMERON

DOMESTIC gas prices will rise by 125 per cent in the three years to the end of 1982 if inflation continues at its present rate, the National Gas Consumers' Council warned yesterday.

But gas would remain the cheapest domestic fuel even with such increases and even allowing for bigger rises in the prices of heating oil and electricity. The 125 per cent figure is based on present Government policy of raising domestic gas prices by 10 per cent more than inflation during the next three years.

The council said it could not stop gas prices rising, although it would fight to ensure that consumers were given a fair deal.

Professor Naomi McIntosh, chairman of the council, said gas users believed they should be entitled to benefit from the availability of natural gas. They "simply do not see why they should pay more for it than is necessary for the continuing needs of the industry."

The council's annual report yesterday, accuses the last and the present Government of "forcing prices up beyond the needs of the industry." This was enabling the British Gas Corporation to raise "excess revenues."

Gas consumers were also being made to pay "disproportionately" for future investment in the industry. Both Governments, had "played politics with gas prices."

The report calls for a "stable forward-looking pricing policy free from short-term Government intervention." This would benefit both the corporation and gas consumers. The council rejects the idea that gas prices should be automatically linked to oil prices and says there is no reason why all fuels should cost the same.

"The suggestion that domestic gas prices should rise in line with industrial gas prices, which, in turn, should rise in line with international oil prices would leave many domestic consumers very vulnerable," the report says. "It would mean that gas pricing policy and therefore the level of gas profits would be in the hands of international forces."

The report calls on the Government to try to explain to consumers its reasons for setting British Gas financial targets which will require price rises greater than the industry needs to operate efficiently. The council says it has received many letters from people mystified by the decisions, especially when it is also being argued that electricity prices should go up because demand is dropping."

Prices, says the report, should not be used as the main mechanism for encouraging conservation. Tenants and poorer people could not afford to react to higher prices by improving insulation. Many would simply respond to higher prices by cutting down their heat and light. This would hit hard the elderly, the sick and those with young children.

Unit trusts' best month this year

BY TIM DICKSON

UNIT TRUSTS in June enjoyed their best month for new business since last August, figures from the Unit Trust Association showed yesterday.

Sales of new units amounted to £62.9m, though after an exceptional item "of £23.5m relating to two "unitisations"—turning investment trusts into unit trusts—is taken out, the total comes to £39.4m.

Units cashed in, excluding repurchases of £4.7m in the wake of the unitisations, amounted to £32.1m, leaving net new investment of £7.3m.

This is the best performance from the industry this year—net new investment is the highest since last August—and will bring cheer to some gloomy unit trust managers. Compared with previous years, however, the picture is still far from buoyant.

Mr. Mark St. Giles, managing director of Allied Hambro and a spokesman for the Unit Trust Association, last night said the figures reflected "rather more cheerful equity markets."

He added: "The buying public seems to wait for rallies and some encouragement that the professionals are looking beyond the immediate grim economic position."

Cumulative figures for the first six months of 1980 show that after sales of £218m and repurchases of £197m, net new investment amounted to £21m.

This is below the £32m recorded in the first six months last year, itself a bad period, and considerably below the £165m for the first half of 1978.

The total value of funds invested at the end of June, £4.5bn, showed an increase over the total at the end of May (£4.12bn).

The "exceptional item" relates to the unitisation of the Carliol and Tyneside Investment trusts into the Target Energy and Target Income and Growth funds. In addition to these, the sales figure included the launch of the Quadrant Recovery fund.

Auditors qualify Rossminster accounts

Financial Times Reporter

THE LATEST accounts of the Rossminster Group, the tax counselling business whose offices were raided by the Inland Revenue a year ago, have been heavily qualified by the auditors, Coopers and Lybrand.

Coopers draw attention to the fact that Rossminster was having other trouble with the Revenue apart from that highlighted in last summer's dawn raids.

The auditors say that the accounts were prepared on the basis of counsel's opinion that certain transactions were deductible for tax purposes.

"If the effect of these transactions is not as advised by counsel, a taxation provision of up to £1.3m would be required."

The audit report then says that the Inland Revenue raided Rossminster "on the suspicion that an offence involving some form of fraud in connection with, or in relation to, tax might have been committed.

"The directors of the company have informed us that they have no knowledge of any fraud in connection with, or in relation to, tax or any other matter affecting or involving the company or any of its subsidiaries."

Coopers concludes by advising readers of the accounts that it is unable to form an opinion on whether the accounts give a true and fair view, and whether they comply with the Companies Acts.

The annual return of Rossminster, filed at the Companies Registry on June 23, was unearthed by the magazine Accountants' Weekly. The return shows that the year to July 1978 Rossminster contributed £5,000 to the Conservative Party.

Most UK carpet manufacturers face heavy losses

BY JAMES McDONALD

ALL BUT a handful of Britain's carpet manufacturers will make losses this year, Mr Michael Abrahams, president of the British Carpet Manufacturers' Association, said in London yesterday.

Consumer spending on carpets is now considerably lower than 1978 and 1979. This, "combined with the problem of U.S. imports and high interest rates, has almost completely eroded the industry's profitability," he told the association's annual meeting.

Seven carpet companies went into receivership last year, and Mr Abrahams said another three followed in the first four months of this year.

"Investment is virtually at a standstill, a situation which, if it continues, will further weaken our long-term competitive position and have further adverse consequences for employment," he added.

● **Wedgwood** yesterday announced it would make 370 of its 9,000 workforce redundant —adding to the growing job losses in the pottery industry.

The company blamed the world recession, combined with inflation, high UK interest rates and the value of sterling.

More than two-thirds of the redundancies will be in the Enoch Wedgwood (Tunstall) division of the group which employs 1,000. The manufacturing operation at Cobridge is being transferred to the Tunstall factory.

BSR, the record changer company which has already made 1,850 workers redundant this year, is to axe another 70 jobs at its West Midland factories in Dudley.

Vogue Bathrooms of Bilston near Wolverhampton is to make 50 workers redundant because of a drop in orders. It has been on short-time working since May.

A fall in orders is also blamed by **Bescot Drop Forgings** of Wednesbury, West Midlands, for its decision to lay off 72 workers.

The recession in the car industry has forced **Rists**, motor accessory makers in Newcastle-under-Lyme and a member of the Lucas group, to put 150 of its 2,000 workers on a three-day week.

Export decline

Leisure Kitchen Products is to make 60 employees redundant at its Longeston plant in Derbyshire because of declining demand. It has been working short-time since early May.

Gola, sports shoe manufacturers, has closed its plant at Earls Barton, Northants, with the loss of 20 jobs, as part of a streamlining operation. But 500 workers at six of its other factories in the county will resume full-time working.

Balding and Mansell, printers in Wisbech, Cambridgeshire, is cutting its labour force by 22 to 185.

Unless a buyer is found for bookbinders J. M. Dent and Sons, of Letchworth, Hertfordshire, the 75-year-old company will close at Christmas

Aluminium Corporation, a wholly-owned subsidiary of British Aluminium, announced 65 redundancies at its North Wales plant

The plant will also operate a three-day week from August 1.

Government plan to beat car tax dodgers

By Elaine Williams

PLANS to tax all cars, whether or not they are in use, in an effort to beat tax evasion costing an estimated £75m per year were announced by the Government yesterday.

Proposed changes in the law will make tax on a vehicle payable from registration until it is scrapped or exported. No gaps in licensing or refunds would be allowed, and used car dealers would have to re-tax vehicles in their showrooms.

The Government announced its proposals in a Green Paper published yesterday and Mr. Norman Fowler, Transport Minister, said that legislation would be put before Parliament early next session.

The new system would use a computer print out from the Swansea centre to check overdue payments.

The only exemptions from the new law would be heavy goods vehicles.

Special arrangements would also be made for vintage and veteran vehicles, and those laid up for long periods—probably more than a year.

Licences would be transferable on the sale of a car and the liability for any outstanding duty would pass to the new owner. Any motorist renewing a licence after a lapse would also incur back taxes and face the possibility of a penalty surcharge, or a fine.

The Government is considering ways of overcoming the difficulty that, at present, vehicle licences can be issued only if insurance and roadworthiness certificates are in order. This would have to change if vehicles off the road were brought within the tax system.

Post Office relief over monopoly

BY JASON CRISP

Jason Crisps reports on the details of Sir Keith Joseph's plan to reduce the Post Office's monopoly powers.

THE POST OFFICE was able to breathe a sigh of relief when it learnt that Sir Keith Joseph, Secretary of State for Industry, intended only a small relaxation of the monopoly affecting less than 2 per cent of its business.

Nevertheless, the Post Office said yesterday it had fought hard to retain all its monopoly powers and it was "disappointed" by the Government's decision to allow any of the relaxations.

But in spite of the protests—not only from the Post Office but from Labour MPs and, to a fairly muted extent, from trade unions—the proposed relaxation of the monopoly is fairly small.

The proposals, announced by Sir Keith in the House of Commons on Wednesday, will have two significant effects on the postal business. First it will legalise existing private competition with the Post Office. Although private courier firms officially carry only parcels, which they are allowed to do, it is well known they also carry urgent letters, which they are not allowed to do under existing legislation.

The second part of the proposals, which earned them the tag "strikebreakers charter," is to give the Secretary of State powers to lift the general monopoly if the Post Office service falls below certain standards, most notably in the case of a strike.

The postal monopoly is to be lifted in three areas. Private operators, who for the most part will be existing courier companies will be allowed to carry "time sensitive or valuable" mail in competition with the Post Office. In effect this already happens, and the Post Office's own courier service Expresspost competes with despatch riders, taxis, and private vans for essentially the same business.

The second relaxation would allow document exchanges to transport mail in bulk between city centres. Again this already happens, although technically no charge is made to customers because otherwise it would be a breach of the law.

Document exchanges are relatively new to this country and are mainly used by lawyers. At present there are two in London and one each in Birmingham, Glasgow and Edinburgh. In addition the London Documents Bureau has opened a further three in the south of England and is hoping to open another six by the end of August.

According to Pauline Lyle-Smith, a director of the London Documents Bureau, the service is likely to expand rapidly until most towns have their own bureau. But they will not be taking much business away from the Post Office, rather from the private courier firms.

Most people who use document exchanges are either lawyers or organisations such as building societies or insurance companies who have to send documents every day to firms of solicitors.

The third relaxation will allow charities to deliver Christmas cards. Although there is a considerable surge of mail in the two weeks before Christmas, it is unlikely that charities would be able to take a substantial proportion. At Christmas the Post Office's own resources are severely strained and it has to take on extra staff. It is only expected that charities will be able to contemplate local delivery services within fairly limited areas.

The other major proposal on the Post Office arms the Secretary of State for Industry with a big stick with which to threaten both management and unions. Sir Keith said that the Post Office would be given targets for delivery performance which, if missed, could mean losing the mail monopoly either locally or nationally.

The Post Office could miss its targets in two ways, either through some form of industrial action or through general inefficiency.

In the case of industrial action, either locally or nationally, the Secretary of State could lift the monopoly on ordinary mail at short notice but only temporarily.

The Minister would also be able to lift the general monopoly if the Post Office became particularly inefficient either nationally or in a particular area. At present the Post Office has a target to deliver 90 per cent of first class mail the following day, and Sir Keith said he would consider setting a higher limit.

But Sir Keith said that if the Post Office failed to meet the targets set it would be given a six-month probationary period in which to improve. If it did not get better, then the monopoly on mail would be lifted for a minimum period of five years.

This particular proposal was prompted largely by the collapse of the postal service last summer when the Post Office was very understaffed. Since then the service has been improving, as Sir Keith acknowledged in the House of Commons—but not enough.

In April and May this year the Post Office delivered 86 and 87 per cent of first class mail the following day.

Although the postal unions opposed the proposals most of the users' organisations welcomed them. Mr. Michael Corby of the Mail Users' Association said he was delighted with them as they were largely in line with what his organisation had been campaigning for and he agreed that it was right for the Post Office to retain the basic letter monopoly.

Peter Riddell investigates the strain between the Treasury and the armed services

Conflict over the defence budget

RELATIONS BETWEEN the Treasury and the armed service departments (now the Ministry of Defence) have seldom been cordial and have often been strained since Lord Randolf Churchill resigned as Chancellor of the Exchequer in 1886 over the Army and Navy estimates.

Some kind of conflict, either potential or actual, is probably inevitable. The Treasury is, by tradition and temperament, incapable of enthusiasm about any proposed expenditure while the Ministry of Defence is a big spender—more than £10.5bn in 1980-81, or well over a tenth of the total public expenditure.

But the current discussions are more heated and significant than any for some time.

In part, this is because of the decisions about future plans and commitments, notably the Trident missile system where the Ministry of Defence won (as discussed by Malcolm Rutherford elsewhere in today's Financial Times).

But there are more immediate problems over the control of the department's budget to keep it within previously agreed limits.

Over the past two financial years, defence spending was marginally above the planned cash limits and a month ago, it became clear that there was a danger of significant overspending again this year.

There is, naturally, much keenness in Whitehall to emphasise that, in general, central Government cash limits are not at risk, and that there is no lack of control over the spending of any department. But there is no denying that defence is a problem.

The present difficulties arise largely because defence is unlike the rest of Whitehall. The bulk of the budgets of most other departments are spent either on civil service pay, which is predictable within reasonable margins, or distributed as grants to local authorities, nationalised industries and the private sector.

The Ministry of Defence is much more like a big multinational business, directly involved in the market place as both a buyer and a seller. This makes it subject to wider economic pressures.

For example, with £1.3bn of expenditure abroad and £450m of receipts from overseas (mainly on equipment sales), the department is particularly subject to exchange rate fluctuations.

These cost over £100m in 1976-77, but provided a gain of about £60m in 1979-80.

This windfall was, however, offset by the rise in the price of oil and by the loss of sales receipts from Iran; and the latter factors explain last year's overspending.

The main immediate problems have been posed by the recession. This has meant that defence contractors faced by a fall in private sector work have completed their public sector orders more quickly and sent in their bills more rapidly. This has upset the expected phasing of expenditure; and additional problems have been posed by the sharp rise in the relative price of defence equipment; its cost has increased more rapidly than the general rate of inflation.

DEFENCE BUDGET 1980-81

	£m
Service pay and allowances	2,646
Civilian pay and allowances	1,623
Procurement	6,399
Works services	787
Less	
Receipts from repayment services	1,330
Total: cash limits	10,125
Pensions, not within cash limits	543
Total	10,668

When these trends became clear, the department ordered compensating adjustments involving cuts of more than £100m on the letting out or taking-up of contracts and on new building.

This action is essentially precautionary. There is still uncertainty whether, as the recession continues, contractors might not decide to spread out rather than to speed up defence work in the absence of other business. Similarly, it is not clear how and when the expected slowdown in the inflation rate will affect defence business.

The ministry's essential complaint is that it is very difficult to manipulate its budget in the short-term.

It is prepared to take further action if the overspending threat continues; but this will become more difficult as the year goes on.

Even at the start of the financial year, less than 10 per cent of the procurement programme is uncommitted, and this figure falls to some 2 per cent by September.

There is also little room to find savings elsewhere since the cash limits already apply a squeeze on civilian pay costs, and there are firm commitments on service pay and manpower.

Moreover, the Ministry of Defence has not been slow to point out that, if price rises are higher than those assumed in the cash limits, this may force further cuts in the volume of spending. The result could be that the UK's commitment to NATO to a 3 per cent annual rise in defence spending in real terms might be undermined.

All this provides the ingredients of some hard bargaining and difficult decisions over the action that should be taken about last year's overspending and the question whether any adjustment should be made to this year's cash limits.

Political broadcast 'based on a lie'

By Our Labour Staff

MR. BILL SIRS, general secretary of the Iron and Steel Trades Confederation, yesterday attacked a Conservative Party political broadcast on television on Wednesday night for being based on a "scandalous lie."

Mr. Sirs accused Mr. Jim Prior, Employment Secretary, of wrongly suggesting, during views of a redundant steel worker, that the closure of Shotton steel works in North Wales was the result of a high pay claim.

"That was a blatant lie," he said. BSC decided to close iron and steelmaking at Shotton Works long before any pay claim was submitted.

The closure decision was based on its steelmaking being the older, slower open hearth method.

"Jim Prior must have known this. If he did not, he should sack his advisers."

Mr. Sirs added, "British steelmen are, in fact, the lowest paid in Europe and have been for many years. Only in Franco's Spain, where real trade unions did not exist, has the price of a steelman's labour been lower.

"This ceased to be the case in 1976 when the average earnings of even the Spanish surpassed those of the British steelman."

● WOMEN workers yesterday occupied the Adams Fashions factory in Sunderland. Management wants the women to forego some of their holiday pay because it says they were paid too much last year. The idea was rejected in a ballot at the factory earlier this week.

Nick Garnett reports on the musicians' long-running dispute

Talks to save Proms resume

REPRESENTATIVES of the Musicians' Union and the BBC are due to meet officials of the Advisory, Conciliation and Arbitration Service today in an attempt to prevent the cancellation of the whole series of this year's Proms.

This followed an intervention yesterday into the dispute by the science and arts select committee to which representatives of the union and the BBC, together with Lord Goodman, provided information on how they believed the Proms could be saved.

A previous proposition by Lord Goodman—that business sponsorship should be provided to support this year's Proms in view of the dispute—was discussed.

So too was a proposal from Sir Adrian Boult, a former Proms conductor, that the concerts be recorded for transmission when the dispute was settled.

The two sides in the dispute, which is over the BBC's disbandment of five of its orchestras, were attempting yesterday to see if something could be salvaged out of the two proposals, neither of which is apparently acceptable to both sides.

There still appeared to be wide differences between the BBC and the union, however, and there has been no commitment from either of them on any specific issue for today's talks.

The union said last night that any proposal acceptable to it would not involve the BBC having any involvement in, or rights arising from this year's Proms.

The union also wanted any recordings to be made by an independent organisation or company determined jointly by the Arts Council, the union and the Association for Business Sponsorship of the Arts.

The use of the recordings would be a matter of negotiation with the union and would not necessarily be confined to the BBC. The union stressed that this did not form a commitment but simply a willingness to discuss.

It also emphasised that it was going to ACAS to discuss only the Proms.

Sir Ian Trethowan, BBC director-general said: "We are willing to enter into any discussion which might lead to the savings of the Promenade concerts to be enjoyed by Promenaders and the World-wide listening audience.

"We share the committee's *hope that discussions might* lead into negotiations for a settlement of the dispute as a whole."

The BBC has already cancelled tonight's Proms and *those for Saturday and Monday*, as a result of the seven-week strike by the union.

The BBC is disbanding the five orchestras as part of a two-year £130m cost cutting programme although it has recently made some compromise proposals which it says will save more than 40 of the 130 jobs that will be lost as a result of losing the orchestras.

The union is putting on an alternative concert at the Wembley conference centre tonight and has plans for a further 18 concerts.

£5bn Trident decision condemned

Workers' Union last night condemned the Government for being "irresponsible" in deciding to spend £5bn on the Trident nuclear weapons system

A resolution passed by the union's public services national trade group committee deplored the Government making its defence decision "while forcing local authorities and Government departments to make expenditure cuts which deprive the handicapped and the old of social services and home-helps, meals-on-wheels and facilities for children."

Mr. Mick Martin, national secretary of the TGWU's public service group, said that thousands of TGWU members were having their jobs put at risk and public services were being cut.

ASTMS 'victory' after ballot by research staff

BY PAULINE CLARK, LABOUR STAFF

THE Association of Scientific Technical and Managerial Staffs claimed yesterday a "major victory" in the Blue Circle cement and building industries concern following a ballot on union representation among the company's research staff.

After a 70 per cent vote in favour of ASTMS against the British Cement Staff Association in a ballot of 115 research staff, the union won representation in grievance procedures.

The ASTMS has a long history of rivalry with the staff association which is not affiliated to the TUC.

The association arose out of the original Blue Circle Staff Association which became known four years ago for being the first to have an application for a certificate of independence rejected under the Employment Protection Act.

Mr. Les Charman, general secretary of the now registered British Cement union with 3,500 members of which 3,000 are in Blue Circle, said ASTMS was not recognised for bargaining purposes and had made "only minor inroads" in the company.

Merger overtures from ASTMS continue to be "under active consideration". An eventual merger is thought unlikely however, following overwhelming rejection of TUC affiliation in a staff ballot in 1977.

Unions claim bigger London allowance

By Our Labour Staff

CIVIL service unions have claimed an increase of 30.2 per cent in the allowance paid to staff working in London.

The claim, which is being studied by the Civil Service Department, is based on the Department of Employment's published index on the extra cost of living and working in the capital. It seeks to increase the present weighting allowance for inner London from £780 to £1,016.

The unions fear the Government may refuse to have the claim taken to arbitration if a much lower offer is made, a response made to other claims in recent years. They accused the Government several times recently of breaking arbitration and other agreements.

Scargill pit closures claim challenged

By John Lloyd, Labour Correspondent

MR. ARTHUR SCARGILL, the president of the Yorkshire area of the National Union of Mineworkers, was yesterday challenged by fellow members of the NUM executive to provide evidence for his charge that the National Coal Board has earmarked for closure 12 pits in the north-east area.

Mr. Scargill said that if the NCB issued a categorical statement that it did not intend to close pits in the north east, he would withdraw his charge. He said he would assume his allegation was valid if there was no response from the Board.

The NCB later declined to comment, though it drew attention to the speech by Sir Derek Ezra, the NCB chairman, to the NUM conference last week, in which Sir Derek denied that there was a closure list and said all closures had to go through agreed joint procedures.

The NUM is to call on mining unions throughout the world to convene a conference on peace and detente, the first of its kind.

Mr. Joe Gormley, the NUM president, said after the executive meeting yesterday the aim was to create a pressure group within the trade union movement.

"The situation today is more frightening than ever. We have to give to our members a sense that we are doing something. I would like to get something going before I lay down the cudgels (retire)."

The NUM has told the NCB that it wants to see the £22m subsidy paid by the Board to keep down the price of UK coking coals accounted for centrally by the NCB

NUPE seeks talks on school meals

BY PAULINE CLARK, LABOUR STAFF

THE National Union of Public Employees yesterday called for an urgent meeting with Mr. Mark Carlisle, Education Secretary, because of concern over the "serious social consequences" of cuts in the school meals service.

Union anger over Government policy on school meals has mounted after Dorset education authority's decision earlier this week to axe school meals for the under-12s and make 700 staff redundant.

A union deputation led by Mr Alan Fisher, general secretary, plans to tell the Government that some 30,000 low-paid workers could lose their jobs by September because of school meals price rises and cuts.

And the union said yesterday that a group of its sponsored MPs would meet Government leaders next week when it will launch a campaign to protect the service.

Mr Rodney Bickerstaffe, the union's local government national officer, said yesterday NUPE was "up in arms about the issue because of the damaging effects on unemployment and on women's employment in particular."

He said it would not only be school meals staff who would suffer but also working mothers of school children who would have to give up their jobs to provide meals and supervision for their children.

"The policy is a further attack on women from a Government which has already said a woman's place is in the home," added Mr Bickerstaffe.

NUPE believes the social effects of the cuts will be wide ranging because school meals staff often come from low-income families. Many are married to other public service workers whose jobs are also threatened by local authority cuts.

The union, which represents about half of the 300,000 school meals staff says there has already been a 50 per cent drop in the demand for school meals since prices were raised to 45p in most areas last April.

Glasgow Herald process workers plan strike

BY OUR LABOUR CORRESPONDENT

PROCESS WORKERS at the Glasgow Herald will attempt to stop publication of its Monday morning edition, the first to be printed under new technology.

Mr. John Jackson, general secretary of the Society of Lithographic Artists, Designers and Engravers, said yesterday that the 35 process workers at the Herald would strike on Sunday after a refusal by Outrams, its publishers, to conclude an agreement with SLADE on staffing and working conditions with the new equipment.

Mr. Jackson said that Outrams, part of the Scottish Universal Investment Group, had concluded an agreement with the National Graphical Association to take over the work previously done by SLADE members.

An attempt to enlist the NGA's support had failed, he said.

The strike of process workers is likely to spread to other newspapers owned by Outrams in Scotland. Mr. Jackson has asked for support of other print unions.

A battle against sodden links

Ben Wright reports on the 109th Open Golf Championship at Muirfield.

THE 109th Open Championship got under way at Muirfield, Scotland, yesterday under some of the vilest conditions that one could remember for many years.

There was little wind to drive the rain. It came down "like stair rods," and was still doing so yesterday as a third of the field battled out on the sodden links.

As Gerald Micklem, one of the great characters and champions in post-war British golf, said to me in mid-afternoon: "If the fellows out there have the equipment to keep going in terms of waterproofs and heart, the conditions are not too difficult."

These were fairly prophetic words, since the world's leading golfer, Tom Watson, held the lead with a three-under-par first round of 68 that left him one stroke ahead of a trio comprising the number one young British hopeful Nick Faldo; the aspiring Argentine Vicente Fernandez; and the kind of character who always seems to emerge on the first day of this championship, Glenn Ralph, 24, a totally unknown assistant professional from Bognor Regis.

This trio was handily placed at 69, whereas the first man on the golf course the anonymous but highly talented Mark Hayes from Oklahoma, who has the single-round record for the event after his 63 at Turnberry in 1977, is the only other player below par of 71, at one under par 70.

Of many other great players involved the defending champion, Seve Ballesteros, and 1969 champion Tony Jacklin are both in on 72. The legendary Jack Nicklaus is by no means out of it at 73, but Gary Player and Johnny Miller have done themselves no good at all with rounds of 77 apiece.

Watson was magnificent yesterday, and this was in no small measure because he played a lot of golf last winter in Kansas City. It was not only very wet but insidiously cold throughout the day.

Watson hit only two bad drives, at the second and third holes. He was bunkered at the 379 yd third hole, and played an exquisite recovery 2 ft from the hole for the kind of unlikely birdie that inspires gentlemen of such unbelievable talent.

He promptly hit a six-iron shot one-and-a-half feet from the hole at the 181 yd fourth for another birdie, and thereafter was not about to give up such a favourable position. He was majestic as we have come to expect, and now has a real favourite's chance.

Faldo had considerable inspiration with Nicklaus alongside him, and thankfully reacted in exactly the right manner. His swing was by no means certain, but his putting was quite phenomenal.

Nicklaus never got going because he was under-dressed for the occasion for the first nine holes, and thereafter rather out of sorts. This is very often the case with Nicklaus when the greens are slow. He is so much a better player when the pace of fairways and greens is in the opinions of others diabolically fast.

First auction at Sotheby's new Chester showroom

BY ANTONY THORNCROFT

YESTERDAY Sotheby's held its first auction in its new saleroom in Chester — Sotheby Beresford Adams. A furniture sale totalled £67,878 with English provincial dealers very active.

G. A. Hughes, a local dealer, paid £2,800 for a Regency mahogany breakfront secretaire bookcase; Smith the Rink from Harrogate secured a George III rosewood cylinder bureau for £2,600; and Bishop, of Henley-on-Thames, paid £2,400 for a George III mahogany bow-front secretaire bookcase.

Meanwhile in London a Sotheby's work of art sale had its problems, especially among the terracotta figures. The sale totalled £32,775 with 29 per cent bought in. Top price was the £15,500 from C. Humphris, a London dealer, for a 16th-century Paduan bronze oil lamp.

The Galèrie Neuse of Germany secured an Austrian polychrome wood diptych of 1567 for £12,000 and the same sum was paid for a Florentine bronze bull of around 1600.

Money supply rises by £398m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply rose by £398m, or 0.7 per cent, after seasonal adjustment in the month to mid-June. In the first four months of the current target period in February sterling M3 has risen at an annual rate of just over 11 per cent.

The more narrowly defined money supply, M1, fell by £296m, or 1.1 per cent, last month. Most of the decline was in the non-interest bearing component.

The main expansionary factors remain bank lending (up £346m) and central Government borrowing (£1.41bn). These were only partly offset by sales of central Government debt, mainly gilt-edged stocks, to the non-bank private sector of £894m last month.

Consequently, domestic credit expansion was again high at £1.35bn, seasonally adjusted, compared with £1.14bn previously. In addition, there was a further rise of £180m in bank acceptances held outside the banking system which are not included in the main monetary statistics.

The increase in domestic credit was substantially offset by external and foreign finance outflows of £821m last month. This follows an erratic inflow in the previous month.

GROWTH OF MONETARY AGGREGATES (£m)

	MONEY STOCK M1 Seasonally adjusted	MONEY STOCK M1 %	STERLING M3 Seasonally adjusted	STERLING M3 %	BANK LENDING* Seasonally adjusted	DOMESTIC CREDIT EXPANSION Seasonally adjusted
1979						
July 18	+ 596	+2.2	+ 449	+0.9	+ 475	+ 512
August 15	+ 133	+0.5	+ 751	+1.4	+ 678	+1,202
September 19	+ 180	+0.7	+ 363	+0.7	+ 477	+1,005
October 17	+ 814	+3.0	+1,004	+1.9	+1,186	+1,658
November 21	− 419	−1.5	+ 547	+1.0	+ 698	+1,211
December 12	− 98	−0.4	+ 42	+0.1	+ 171	+ 96
1980						
January 16	+ 49	+0.2	+ 492	+0.9	+1,384	+ 737
February 20	− 410	−1.5	+ 274	+0.5	+ 502	+ 271
March 19	+ 303	+1.1	+ 252	+0.4	+ 430	+ 711
April 16	− 103	−0.4	+ 167	+0.3	+1,543	+ 695
May 21	+ 114	+0.4	+1,199	+2.1	+ 367	+1,144
June 18	− 296	−1.1	+ 398	+0.7	+ 436	+1,352

* To private sector in sterling including Bank of England issue department holdings of commercial bills

Source: Bank of England

APPOINTMENTS

UK NEWS – PARLIAMENT and POLITICS

PM under pressure on ICL contract

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER came under heavy pressure in the Commons yesterday to award the big order for the Inland Revenue PAYE computer to the British company, International Computers Limited, and not let it go to a foreign competitor.

Mrs. Thatcher cautiously told MPs that the Cabinet had still not made up its mind on the subject. This brought a demand from Mr. James Callaghan, the Opposition leader, that the Government should stop "dithering" and come to a rapid decision.

There has been great concern among MPs that the delay over the contract could mean that the Government is considering throwing the order open to foreign bidders. There has been particular worry over the possibility that it could go to IBM, the American company.

The total contract is worth £150m, and of this £60m could go to ICL. The order involves 20,000 visual display terminals at 60 district tax offices.

Callaghan: "The Government should stop dithering"

A total of 125 MPs have now signed a Labour motion in the Commons calling for the system to be awarded to ICL and 38 have given their backing to two similar Conservative motions.

During Prime Minister's Question Time yesterday, Mr James Hill (C., Southampton Test) reminded Mrs Thatcher that Sir Michael Edwardes, BL chairman, had made a plea for people to buy British and that in a Commons debate last week many MPs had urged the nationalised industries and local authorities to do the same.

"Isn't this one way the Government can help some of our industries," he asked.

The Prime Minister agreed that the Government had a public purchasing policy to buy British wherever possible. But she reminded the House that the goods also had to be of supreme value.

She emphasised that the Government's purchasing policy could assist companies to launch goods—particularly sophisticated technological products—that they might not be able to manage from their own resources.

In view of her answer, Mr Callaghan wanted to know why the Cabinet at its meeting on Wednesday did not take the decision to award the PAYE contract to ICL.

Replied the Prime Minister: "You will not succeed in hustling me. This matter is still being considered. We are actually investigating it thoroughly, unlike the previous Labour Governments.

"There are many computer firms here. We have to get the right computer for the job."

The Prime Minister was also questioned about reports that the Indian Government has decided to reduce the number of Jaguar millitary aircraft which it originally intended to buy from Britain.

Mr Edward Gardner (C., South Fylde) said this was a matter of deep concern for those working for British Aerospace in his constituency.

"We can ill-afford to lose orders of this magnitude from the Machiavellian pressures applied by other nations on the Indian Government," he said.

Mrs Thatcher told him that Ministers were very concerned about the terms of the announcement from the Indian Government.

A memorandum on understanding between Britain and India laid down the terms for any variation in the Jaguar contract. It stipulated that it was a matter on which there had to be consultation.

"That clause has not been invoked," she said. "If there was any suggestion of a change in the contract we would expect the Indian Government to invoke it.

Heseltine's attempt to penalise town hall overspenders under criticism

BY ROBIN PAULEY

ATTEMPTS BY Mr. Michael Heseltine, Environment Secretary, to identify local authorities which he thinks are overspending have now run into so much difficulty that all the department's previous calculations have been turned upside down, Mr. Jack Smart, leader of the Association of Metropolitan Authorities, said yesterday.

At the same time the Government's figures showed that it was central Government spending which was going out of control and not local government's.

The latest Treasury figures showed central government borrowing in the first three months of 1980-81 to be £4.5bn, almost half of the total of £9.3bn which the Budget predicted for the whole of the 1980-81 financial year.

This was the result of central Government overspending estimates, particularly on defence, and had nothing to do with local government spending, Mr. Smart said.

Earlier in the year Mr. Heseltine used two calculations as a test of high spending by councils.

One compared their planned spending with the assessment of their need to spend contained in the year's rate support grant settlement.

The second compared the rate which each authority fixed for 1980-81 with the Government's notional uniform rate of 119p, adjusted to eliminate statistical anomalies particularly regarding London.

On those bases Newcastle overspent by 24 per cent on the expenditure test and by 50 per cent on the uniform rate. Camden overspent by 107.5 per cent on the first basis and 123 per cent on the second.

In contrast, the figures for Leeds showed underspending of 7.5 per cent and 15 per cent respectively. And Croydon's figures showed underspending of 8.7 per cent and 13.5 per cent.

The Government then asked all local authorities to resubmitt heir budgets for 1980-81 because of the danger of an overspend on current expenditure. It gave each authority the figure it should be aiming to spend in 1980-81 in order to achieve a 2 per cent reduction on the actual expenditure of 1978-79, the Government's target. On this basis previous overspenders are now being shown o be doing well and previous underspenders do worse.

Heseltine: in a hopeless position

On the new test Newcastle is overspending by only 5.8 per cent but Leeds is overspending by 6.5 per cent and is being asked to make a bigger cut than Newcastle. Camden is now seen to be overspending by 2.2 per centbu t Croydon is twice as bad at 4.4 per cent.

The Government is known to be very embarrassed by these figures which are the latest in a long series of mishaps based on the data and statistical principles being employed by the Environment Department which have been attracting growing criticism, inside and outside Government.

The latest muddle again emphasises the hopeless position into which Mr. Heseltine finds himself over his vow to penalise the worst overspenders this year. An announcement of those to be penalised—not more than 20 — has been delayed more than once and is not now expected before September.

But the more calculations the Environment Department does, the most inconsistent the results: councils at the top of one overspending list are at the bottom of another.

Many civil servants feel the best way out is to drop the idea, but that would represent a political climbdown which the Cabinet and many Tory backbenchers would be unlikely to tolerate.

Move on overcoming liquidity problems

By Ivor Owen

LONGER-TERM provision to help companies overcome liquidity problems arising from the clawback of stock relief may be introduced by the Government next year.

This prospect was held out by Mr. Nigel Lawson, the Financial Secretary to the Treasury, in the Commons last night during further debate on the report stage of the Finance Bill.

He assured MPs that consultations on the Green Paper on corporate taxation, due to be published later this year, will be completed in time for legislative action to be taken in the 1981 Finance Bill.

Government amendments providing immediate, though limited, relief — through easing the restrictions on the deferral of clawback so as to take account of an involuntary rundown of stocks—were approved without a division.

In its original form the Bill provided that the right to defer clawback should be restricted by reference to the net indebtedness of a business.

As a result of the amendments, the rule will be that relief for "temporary dips" in stocks will be restricted on account of net indebtedness only where the net amount of the recovery charge is more than £100,000.

Mr. Lawson estimated that the change would reduce the number of companies affected by the credit restriction from perhaps 30,000 to 40,000 to something in the region of 1,000.

St. John Stevas to investigate claim of secret PAC meeting

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE LEADER of the Commons is to investigate an accusation that the Public Accounts Committee met in secret to give Sir Charles McFadzean, chairman of Rolls-Royce, an opportunity to refute the allegations made against the company by Mr. Jeff Rooker (Lab, Perry Barr).

Mr. Robin Maxwell-Hyslop (Con, Tiverton) told the Commons yesterday that without informing the House, the PAC had chosen to sit in private and not for the purpose stated on the Order Paper.

He said that according to the Order Paper, Wednesday's meeting of the committee was to examine cash limits and the witness was to be Sir Anthony Rawlinson, second permanent secretary to the Treasury.

Mr. Maxwell-Hyslop, a leading backbench expert on Parliamentary procedure, said he attended the committee because he guessed that its true intention was not that which had appeared on the public notice.

He said it was really to "secretly examine" Sir Charles and give him the opportunity to refute the "untrue and disgraceful allegations against Rolls-Royce by Mr. Rooker."

By exhibiting a false notice of his proceedings, he maintained, the committee had prevented the attendance of many MPs who would have liked to hear Sir Charles.

Mr. Michael Foot, Labour's Shadow leader of the House, backed up Mr. Maxwell-Hyslop and said that MPs had a right to know what was going to occur before a committee.

Mr. Joel Barnett (Lab, Heywood and Royton), who is chairman of the PAC, emphasised that Mr. Maxewll-Hyslop had not been ejected from the committee but had left voluntarily and returned later.

The Leader of the House, Mr. Norman St. John Stevas, agreed that the issue was extremely important. He said: "I will look into this matter to see if there is something that is wrong and needs to be put right."

Volunteers could fill vital role

By John Hunt, Parliamentary Correspondent

MR. GEORGE GARDINER (C., Reigate) suggested in the Commons yesterday that unemployed school leavers who volunteer for community service could be used to keep essential services, such as hospitals, running in the event of strike action.

The Prime Minister agreed that many school leavers wanted to do community work.

"They expect to see essential services kept going," Mrs. Thatcher added. "If the time came when they were not, then young people would be the first to lend a hand."

Nick Garnett writes: Union leaders described such a use of civilian volunteers as "monstrous," nonsensical and unworkable.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers said their use would be counterproductive. The National Union of Public Employees said using volunteers in this way would jeopardise long-standing union agreements to maintain emergency services during industrial disputes.

● On a separate issue, the National Council for Voluntary Organisations has told the House of Lords Select Committee on Unemployment that unemployed people of all ages should be free to undertake voluntary work if they wish.

Inquiry into tax powers

By David Marsh

AN INDEPENDENT inquiry into the tax enforcement powers of the Inland Revenue and Customs and Excise is to get under way shortly.

The Government yesterday announced that Lord Keith of Kinkel, a Scottish Lord of Appeal, will chair a five-man committee looking into the powers of the two tax-gathering bodies.

The original announcement of the setting up of the committee was made in February in line with the Conservative Party's election manifesto pledge to examine the departments' methods of detecting tax evasion.

The areas that the committee will be examining have acquired an additional controversy after last year's Inland Revenue raids of premises connected with the Rossminster group of companies, which devised and marketed tax avoidance schemes.

The committee has no specific working timetable and is expected to take some time to come up with recommendations for the Government. It will, however, shortly be making known the arrangements for interested parties to submit representations.

Mr. Peter Rees, Minister of Staate at the Treasury, said in a Parliamentary written answer yesterday that the committee would be examining whether the departments powers were suited to their purposes.

It would take account both of the need to ensure compliance with the law and of the need to avoid excessive burdens on taxpayers.

The tax enforcement powers to be reviewed would include the powers of investigation into the accuracy of returns, and the degree to which officials could call for information and documents. The committee would also be investigating powers relating to cases of fraud, wilful default or neglect and reckless action.

But the committee would not be looking into the ordinary processes of collecting outstanding tax and the charging of interest on these amounts, Mr. Rees said.

No plans to change charities law

BY ROBIN PAULEY

THE GOVERNMENT does not intend to change the law relating to charities in spite of some pressure for it to do so, Mr. Timothy Raison, Minister of State at the Home Office, said yesterday.

The present law on charities was based on a statute dating from 1601 which listed charities under four headings:

- relief of poverty,
- advancement of education,
- advancement of religion,
- other purposes, beneficial to the community.

The Charity Commissioners and the courts decide whether any particular activity qualifies.

The Goodman Committee, which examined charities and their status, felt the classification should be replaced by a set of guidelines listing the principal activities which should be charitable.

Mr. Raison said the problem with this was that it would not be exhaustive. In any case, most charities that now qualify would still qualify, but legislation might result in inflexible rules instead of the present system which allowed account to be taken of any special developments.

Mr Raison said he did not think there was much support for making all non-profit making activities charitable and there weer special difficulties involving political activity. It was important to avoid political parties emerging, at home or overseas, camoflaged as charities.

Mr Raison emphasised that he was not saying there was nothing more to discuss about charitable status. But the arguments for new legislation were not yet convincing.

Roger Taylor

U.S. Presidential candidate John Anderson meets Mrs. Thatcher at No. 10 Downing Street

Parliament next week

COMMONS

Monday: Debate on Opposition motion on "The Government's damaging policies towards publicly owned and supported industries." Debate on MPs' Salaries, Pensions and Allowances.

Tuesday: Criminal Justice (Scotland) Bill. Northern Ireland (Emergency Provisions) Act (continuance) Order.

Wednesday: Third reading Civil Aviation Bill. Criminal Justice (Scotland) Bill. Northern Ireland Orders on Social Security, Treatment of Offenders, and on Criminal Justice and Armed Forces Consequential Provisions.

Thursday: Coal Industry Bill. Debate on the Coal Industry (Borrowing Powers) Order.

Friday: Debates on EEC documents on New Zealand butter, and on Protection of Workers from harmful exposure to metallic lead compounds.

LORDS

Monday: Housing Bill, report stage. Debate on European Coal and Steel Community Supplementary Revenue Order.

Tuesday: Debate on Peers' Expenses. Housing Bill, report stage. Breasclete Harbour Order Confirmation Bill. British Railways Order Confirmation Bill.

Wednesday: Debate on European air fares. Highways (Road Humps) Bill, second reading. Ground Game Bill, second reading.

Thursday: Legal Advice and Assistance (Prospective Cost) Regulations. Broadcasting Bill second reading.

COMPANY NOTICES

LEGAL NOTICES

PUBLIC NOTICES

TRAVEL

CLUBS

هكذا من الأصل

'Fed' beer ready for assault on Southern clubs

John Makinson takes a look at an unusual brewery with plans to undercut and outsell *its worried competitors.*

A BILLBOARD at Newcastle station proclaims the message: "You are now in Newcastle—the Home of Northern Clubs Federation Brewery." To the arriving passenger from the distant south, the name will probably mean nothing.

Yet this little known brewery, dubbed the "Fed" in its native north-east, is already sounding alarm bells in the boardrooms of larger brewers around the country. For years it has been *mauling* profits at Scottish and Newcastle, the leading brewer in the area. The company has just opened a new brewery with capacity to produce more than the expected growth of the whole UK beer market over the next few years. The new beer will be sold at prices which undercut, at times drastically, those charged by the leading brewing groups.

Familiar

The Fed's obscurity is not principally a result of its size. At the old Newcastle brewery it produces 500,000 barrels a year—more than such familiar names as Greene King, Wolverhampton and Dudley or Boddingtons. Until now, however, it has distributed almost exclusively within the north-east, and then overwhelmingly to the club market.

South of the Wash, Fed beer is familiar mostly to thespians and politicians. It is the best selling beer in the House of Commons bar (and Sir Harold Wilson's favourite ale) and also does a roaring trade at the National Theatre. Increasingly, however, it will appear nationally in clubs, which represent at least a fifth of all beer sales.

The Fed is still run on the principles established by its founders in 1919. Its shareholders are the clubs themselves, which receive a dividend in proportion to the amount of beer that they buy—the current rate is £4.50 per barrel. The clubs also elect a nine-member board of management from whose ranks the chairman is drawn.

The brewery's assault on the market share of the major brewers is centred on its new £20m brewery at Dunston-on-Tyne, close to the A1. From there, the Fed will distribute its beers nationally through a network of depots. Initially, the 10,000 barrels a week, replacing brewery will produce only the output of Newcastle operation—but *20,000 barrels could* be produced without difficulty and a modest addition of plant could double even that figure.

Day-to-day management of the Fed rests with Mr. W. L. Hutchison, who has been its general secretary for 20 years. He says that the company has already made progress in the Lancashire and Cheshire area, while inquiries are streaming in from other counties, notably Northamptonshire. Emphasising the extent of the Fed's ambitions, agents have already been appointed for Cornwall and the Thames Valley.

The Fed has several strong cards to play. Its new brewery is highly efficient, it has little need to advertise and its shareholding structure works in favour of the client clubs. Almost all the money borrowed to finance the brewery has now been repaid, although further expenditure of perhaps £10m will be needed to transfer the packaging operations. This leaves the Fed with a very competitive cost structure, which enables it to undercut other brewers by around 2p or 3p per pint at club bars.

It is no coincidence that beer prices in the North-East are the lowest in the country and that Scottish and Newcastle has found the going tougher than any of its national competitors over the past few years. Over the bar prices vary from club to club, but they range on average from 33p for pale and mild ale to about 40p for low carbohydrate lager.

Mr. Hutchison believes that, with his new distribution network, he can sell beers to clubs in the south for only 1p or 2p more per pint than his prices in the north-east. Since prices in London, for example, can be up to 10p higher than in Newcastle, the Fed's competitive edge could actually increase.

The Fed will not find the going easy, however. The leading brewers are fully aware that the UK beer market is showing virtually no growth and that the expansion prospects are probably most favourable in the club market.

Free of the shackles of the Price Commission, they are able to institute regional pricing policies to meet the Fed's challenge, even if this means accepting short-term losses. Mr. Hutchison believes that they are also resorting to more devious tactics. He cites the example of one club in the north-east which was offered £25,000 by a competing brewer merely to keep a lager, which in any case it had no intention of dropping. Brewers are also competing with one another to offer clubs attractive loans and rebates.

The Fed has long adopted a policy of granting its clubs interest-free or heavily subsidised loans. At current interest rates, it is paying banks not far from £1m a year to service these liabilities. At a time when its competitors are squeezing margins and cash reserves have been drained by the new brewery, this is an uncomfortable burden.

Problems

The Fed will also have to familiarise itself with drinking patterns elsewhere in the country. It produces two lagers, neither of which has been rapturously received, and this may prove a weakness outside the north-east, where little lager is drunk.

Finally, labour problems could severely undermine the Fed's expansion drive. Last year, a 5½-week strike clipped sales back by around £7m to £28.4m and the company is still recovering.

Despite all the obstacles, Mr. Hutchison remains optimistic about the Fed's prospects. A dour man, he takes no pleasure in the anxiety that he is clearly causing his competitors. They, in turn, derive little pleasure from the Fed.

Cathay Pacific starts Hong Kong service

CATHAY PACIFIC Airways, the independent Hong Kong-based airline, yesterday broke British Airways' 30-year monopoly on the London to Hong Kong route with the start of a three times a week jumbo jet service from Gatwick.

The inaugural flight, which was fully booked, marks the operational start of the "open skies" policy on the London to Hong Kong route launched by Mr. John Nott, Trade Secretary, last month.

Mr. Nott said Cathay Pacific Airways, British Caledonian Airways and Laker Airways would all be allowed to bid freely for traffic on the route previously dominated by British Airways.

Mr. Duncan Bluck, chief executive of the airline and deputy chairman of the British Swire group which owns Cathay Pacific, said yesterday that not enough passenger traffic would be generated to support all the competing airlines.

"One of the airlines will not do too well—and it will not be Cathay Pacific," he said. Hong Kong had very few cheap hotels to appeal to the low-fare passenger traffic expected from British Airways and British Caledonian ultra-low £99 non-bookable fares.

It was "misleading" for these airlines to encourage low-fare passengers "

Group Gold Mining Companies

(All companies are incorporated in the Republic of South Africa)

Transvaal

Reports of the directors for the quarter ended 30th June, 1980

VAAL REEFS

Vaal Reefs Exploration and Mining Company Limited

ISSUED CAPITAL: 19 000 000 shares of 50 cents each

[illegible]

(Vaal Reefs continued)

Six months ended June 1980	1 085	356	58.8	0.41	24	0.38	22.24
Totals Vaal reef (excluding tribute areas) Quarter ended June 1980	37 315	3 616	58.2	36.19	2 106	0.93	53.85
Quarter ended March 1980	33 556	2 662	66.3	33.64	2 230	0.84	55.78
Six months ended June 1980	70 871	6 278	61.6	35.05	2 159	0.89	54.67

DIVIDEND

The interim dividend of 620 cents a share in respect of the year ending December 31 1980 was declared on July 17, 1980, payable to members registered on August 1 1980 and will be paid on or about September 5 1980.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1980 totalled R30 194 000.

For and on behalf of the board

D. A. ETHEREDGE }
W. R. LAWRIE } Directors

July 18 1980

SOUTHVAAL HOLDINGS LIMITED and THE AFRIKANDER LEASE LIMITED

The attention of shareholders of these companies is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

ELANDSRAND

Elandsrand Gold Mining Company Limited

ISSUED CAPITAL: 75 484 238 shares of 20 cents each

	Quarter ended June 1980	Quarter ended Mar. 1980	6 months ended June 1980
OPERATING RESULTS			
GOLD			
Area mined—square metres 000s	53	49	102
Tons milled 000's	267	236	503
Yield—g/t	5.86	5.66	5.76
Production—kg	1 565	1 335	2 900
Cost—R/m² mined	199.47	192.98	196.35
—R/ton milled	39.59	40.07	39.82
—R/kg produced	6 755	7 084	6 906
PRICE RECEIVED ON SALES			
Gold—R/kg	13 928	16 494	15 296
—$/oz	552	634	596
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	21 927	22 682	44 609
—costs	10 572	9 456	20 028
—profit	11 355	13 226	24 581
Net sundry expenditure	824	706	1 530
Profit	10 531	12 520	23 051
Capital expenditure	7 391	8 076	15 467
SHAFT SINKING			
Sub-Vertical Rock/Ventilation Shaft Advance (Headgear portion only)—metres	49	22	71
Depth to date—metres	81	32	81

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t
V.C.R. Quarter ended June 1980	6 661	1 124	48.3	14.68	709
Quarter ended March 1980	5 671	1 186	43.6	11.61	506
Six months ended June 1980	12 332	2 310	45.9	13.18	605

BRIDGING FINANCE

The additional funds required to meet post-production expenditure until the company becomes self-financing are being financed by loan facilities from Anglo American Corporation of South Africa Limited. These facilities, which amounted to R40 million during the six months ended June 30 1980, have now been extended to December 31 1980 and the maximum amount which may be drawn during this period is R36 million.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1980 totalled R10 416 000.

For and on behalf of the board

H. F. OPPENHEIMER }
W. R. LAWRIE } Directors

July 18 1980

ERGO

East Rand Gold and Uranium Company Limited

ISSUED CAPITAL: 40 000 000 shares of 50 cents each

	Quarter ended June 1980	Quarter ended Mar. 1980	Year ended June 1980
OPERATING RESULTS			
Slimes treated—tons	4 186 000	4 504 000	18 376 000
Production—			
uranium oxide—kg	65 007	76 886	272 692
sulphuric acid—tons	105 342	115 913	407 010
oleum—tons	6 610	6 750	27 096
gold—kg	1 695	1 696	5 763
PRICE RECEIVED ON SALES	[illegible]	[illegible]	[illegible]

[illegible]

OPERATIONS

The necessity to remove a build up of scale in the water pipe lines servicing the dams resulted in the amount of slimes treated being below target, and consequently pyrite production was reduced. The level of production is now back to normal. While production was at its reduced level, the 500 tons a day acid plant was overhauled.

To compensate for the reduction and also for the lower sulphur grade in Springs No. 1 dam which is now being monitored, pyrite was purchased from other sources to ensure a supply of acid to meet contractural obligations. Gold recovered from the purchased pyrite results in a small profit for the company.

For and on behalf of the board

H. F. OPPENHEIMER }
W. R. LAWRIE } Directors

July 18 1980

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTES

1. DIVIDENDS. Attention is directed to an announcement published in conjunction herewith relating to the declaration on Thursday, July 17, 1980, of interim dividends for the year ending December 31, 1980.
2. DEVELOPMENT. Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Orange Free State Group's results appear on another page in this paper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries:

Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent. TN24 8EQ.

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

S.A. LAND

The South African Land & Exploration Company Limited

ISSUED CAPITAL: 6 600 000 shares of 35 cents each

	Quarter ended June 1980	Quarter ended Mar. 1980	6 months ended June 1980
OPERATING RESULTS			
GOLD			
Tons milled 000's	320	332	652
Yield—g/t	1.26	1.23	1.25
Production—kg	405	410	815
Production cost—R/ton milled	3.94	3.50	3.72
—R/kg produced	3 111	2 837	2 973
PRICE RECEIVED ON SALES			
Gold—R/kg	13 677	17 005	15 384
—$/oz	541	652	598
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	5 669	6 976	12 645
—Costs	1 260	1 163	2 423
	4 409	5 813	10 222
*Less delivered cost of dump material	2 715	3 255	5 970
Gold profit	1 694	2 558	4 252
Sale of salvaged equipment and scrap	15	3	18
Net sundry revenue	172	145	317
Profit before taxation	1 881	2 706	4 587
Taxation—estimated	615	1 375	1 990
Profit after taxation	1 266	1 331	2 597
Deduct: Dividend—interim			2 310
Retained profit for the six months			287
Feasibility study	534	—	534
Prospecting revenue	—	65	65
Capital expenditure	(1)	1	—

OPERATIONS

Since ceasing underground mining at the end of 1976, the company has continued treating waste rock and crushing-plant slimes from various locations on the East Rand.

FEASIBILITY STUDY

The feasibility study to determine the viability of the potential gold mine referred to in the company's annual report for 1979, has commenced. A hoist at the Van Dyk No. 5 shaft has been commissioned and shaft examination is in progress.

DIVIDEND

The interim dividend of 35 cents a share in respect of the year ending December 31 1980 was declared on July 17 1980, payable to members registered on August 1 1980 and will be paid on or about September 5 1980.

For and on behalf of the board

N. F. OPPENHEIMER }
W. R. LAWRIE } Directors

July 18 1980

WESTERN DEEP LEVELS

Western Deep Levels Limited

ISSUED CAPITAL: 25 000 000 shares of R2 each

[illegible]

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Carbon Leader Shaft area No. 2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
No. 3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quarter ended June 1980	8 424	74	38.2	90.50	3 457	0.72	27.43
Quarter ended March 1980	8 172	54	47.1	78.20	3 683	0.66	30.91
Six months ended June 1980	16 596	128	41.9	84.77	3 552	0.68	28.90
V.C.R. Shaft area No. 2	2 356	72	81.3	25.79	2 097	—	—
No. 3	915	52	33.3	12.94	431	—	—
Quarter ended June 1980	3 271	124	61.2	22.84	1 398	—	—
Quarter ended March 1980	2 660	140	41.8	20.91	874	—	—
Six months ended June 1980	5 931	264	50.9	22.00	1 120	—	—

DIVIDEND

The interim dividend of 400 cents a share in respect of the year ending December 31 1980 was declared on July 17 1980, payable to members registered on August 1 1980 and will be paid on or about September 5 1980.

PRODUCTION

The grade achieved for the first six months of 1980 is one gram a ton below the forecast of 14.82 g/t as a result of a six per cent increase in the waste mined due to dykes and faulting on the Carbon Leader longwalls. This position is not expected to improve much before the year end and the forecast grade for the year has therefor been revised to 13.80 g/t. The forecast tonnage milled for the year has been increased from 3 175 000 to 3 300 000 tons.

AGREEMENT TO EXTEND WESTERN DEEP LEVELS LEASE AREA AND FINANCING OF NEW (NO. 1) SHAFT SYSTEM

An announcement was published on July 12 1980, copies of which were sent to members, outlining the proposals for financing the new shaft system and the terms of the agreement for the incorporation into the Western Deep Levels mining lease of an area of 1 321 hectares in respect of which the mineral rights are held by Western Ultra Deep Levels Limited.

URANIUM PLANT

The extensions to the uranium plant to increase the treatment capacity to 260 000 tons a month were commissioned during the quarter.

CAPITAL EXPENDITURE

Capital expenditure for the year ending December 31 1980 is now estimated at R73 000 000 (previously R59 000 000) of which R33 000 000 will be incurred on the new No. 1 shaft system.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1980 totalled R9 237 000.

For and on behalf of the board

G. LANGTON }
W. R. LAWRIE } Directors

July 18 1980

EAST DAGGAFONTEIN

East Daggafontein Mines Limited

ISSUED CAPITAL: 3 730 000 shares of R1 each

	Quarter ended June 1980 R000	Quarter ended Mar. 1980 R000	6 months ended June 1980 R000
FINANCIAL RESULTS			
Royalties	416	76	492
Sundry revenue	8	7	15
	424	83	507
Deduct: Costs	24	52	76
Surplus before taxation	400	31	431
Taxation—estimated	235	6	241
Surplus after taxation	165	25	190

For and on behalf of the board

N. F. OPPENHEIMER }
W. R. LAWRIE } Directors

July 18 1980

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● LIGHTING

Fluorescent tube efficiency raised

ALTHOUGH IN 1979 the UK sales of fluorescent tubes were some seven times smaller than those of filament lamps (which dissipate much of the electrical input in heat), Thorn Lighting makes the point that the light produced by the fluorescents amounted to 2,400bn lumen hours—some ten times that put out by the filament types.

Improvements in the efficiency of fluorescent lamps is therefore seen as important in national terms and it has in fact, been improved from 30 lumens/watt in 1945 to about 78 lumens/watt for current standard types.

Now however, Thorn Lighting has developed units which, by using krypton gas in place of argon and employing rare earth triphosphor mixtures instead of halophosphates, are achieving efficiencies nearer to 90 lumens/watt it is claimed, while at the same time the tube diameter has been reduced to one inch from 1.5 inches.

The new ranges will be marketed under brand names Pluslux and Polylux; both employ krypton but the latter also uses the new phosphors. Gains in efficiencies over comparable conventional types are claimed to be 10 and 20 per cent respectively.

First sales effort will be in terms of Pluslux Packs, a complete lighting fitting available in two, four and five feet lengths but with lower wattage ratings than their conventional equivalents namely, 18, 36 and 58 instead of 20, 40 and 65 watts, the light output remaining the same. The reduced tube diameter means that the boxed unit is considerably lighter and occupies less space—nine can be stacked instead of only four in the same volume.

Packs of this kind are said to be the biggest selling light source with wholesalers and electrical contractors, with sales of perhaps 3m units a year.

The tubes on their own can be put directly into a great number of existing switch-start fittings, since they have identical pin configuration.

The second range, Polylux, offers the same electrical savings but in addition provides 10 per cent more light output.

Apart from the high price of the rare earth phosphors used in Polylux, higher production temperatures are involved, raising costs, so that the price of the tubes is about three times that of conventional types. However, the efficiency gain goes hand in hand with a better colour rendering, says Thorn, so that the tubes should prove attractive in retailing for example. They will be available in three slightly different colour temperatures.

More from the company at Thorn House, Upper St. Martin's Lane, London, WC2H 9ED (01-836 2444).

● COMMUNICATION

Ensures all will get message

A SYSTEM that allows loudspeaker announcements to be made to staff from a number of microphone positions by key people or the telephone operator has been put on the market by Reliance Systems, Turnells Mill Lane, Wellingborough, Northants NN8 2RB (093322 5000).

Up to six microphones can be plugged into socket outlets on a "ring" connected to the system amplifier. Microphones have access to the amplifier on a fixed priority basis, but it is possible to interrupt an existing announcement in an emergency. The microphones would normally be desk mounted but have "limpet" backings which allow them simply to be pressed on to a wooden or metal partition or worktop. The only control is a "press to talk" button which includes an engaged lamp.

The system is called Staffinder and automatic volume control is incorporated to cater for loud and soft voiced users.

Up to 100 low level loudspeakers can be used with one amplifier and a limiter ensures that no overload can occur even if all the speakers are on maximum output at the same time.

● MARKETING

Mechanical salesmen move in

DESTINED TO be a show stopper on exhibiton stands in the UK is an electronic visitor from the U.S. called the Quadracon. This walking, talking robot is small enough (about four feet high) to obviate the sinister aspects of automatons and large enough to put over a company's promotional message with a touch of humour mixed with soft sell.

Radio controlled, it has three wavebands. It transmits on one band, receives on another and is controlled by the third.

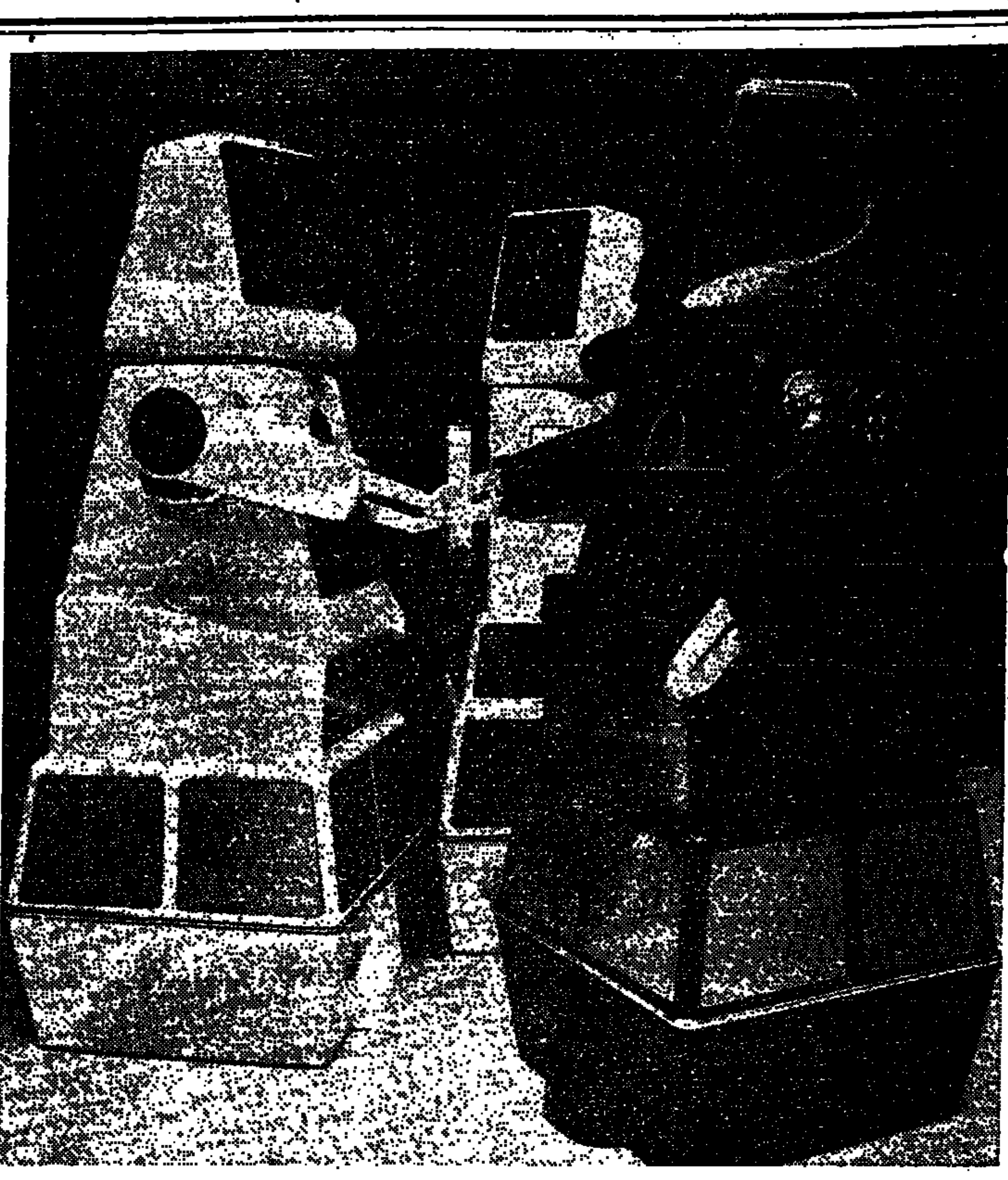
There are no wires or visible signs of the robot's capacity to talk, approach or chat-up potential customers . . . its human operator is screened, or ensconced above the action, and visitors to an exhibiton stand, seminar, etc., are completely baffled by the stylised humanoid that turns, raises its arms and issues verbal communications.

The mannequin is able to move freely around an exhibition area, flash coloured lights and emit electronic sounds in the popular concept of sci-fi robots and, apart from carrying a company's livery, it can be designed as a giant product replica.

Its electronic circuitry can also be adapted to vend samples and coupons, etc., or provide animated functions to a company's product.

Product replicas have included cigarette packages, oil cans, motor car wax cans, confectionery bars — even a running shoe — says the maker, ShowAmerica.

This company started producing radio-controlled product replica robots in 1969 but, since the popularity of Star Wars and subsequent space-age movies, has developed the idea into a more acceptable concept.



Three radio-controlled robots have an earnest discussion

Purpose of providing these unique spokesmen, says the company, is to assist clients in reaching marketing and public relations objectives in more imaginative ways.

The Quadracon, however, has no home in the UK at present. Nor, at the moment, will it be more than just a visitor to these shores. Companies interested in hiring the robot will pay something like £500 a day to use it on their show stands or in promotional ventures.

Daily rent will include an operator (human) who will be an actor or actress with a sound knowledge of the product being advertised, plus a sympathetic and intelligent approach to catching and sustaining the interest of the general public.

Robot is available in the UK and Europe from Market Shooters, 7, Hazlewell Road, Putney, London, SW15 (01-788 0490).

DEBORAH PICKERING

● DATA PROCESSING

Computer-designed power unit

NEARLY ALL the design aspects, electrical and mechanical of the multi-output open frame power supply units offered by Gresham Lion are now being dealt with by computer, making the company the first, it is claimed, to offer custom-designed units on virtually an ex-stock basis.

It even becomes possible, says the company, to treat "one-off" requests as standard items, with resultant savings in time and cost.

Software has been developed in-house and allows units with up to ten outputs to be designed with a total rating of 100 watts. The mechanical part of the program gives an outline of the complete unit with fixing centres and terminations marked on a graphics plotter. This is sent to the customer with his quotation.

The system works with preprogrammed details of standard sub-assemblies and components which are always kept in stock. Thus, once a customer's order is received it is easy to provide a supply to the exact requirements. Even the transformer for each unit is designed automatically and since the company assembles its own transformers, a design can be produced in three working days.

No minimum quantity is involved and Gresham says it will as willingly quote for one unit as for a million. It is also claimed that prices for the supply units compare "very favourably indeed" with low imported U.S. standard types.

The company believes its techniques will transform the market by allowing users to obtain cost effective units designed to their exact electrical requirements—in a fraction of the time it took previously.

More from the company at Gresham House, Twickenham Road, Feltham, Middlesex TW13 6HA (01-894 5511).

Planning by micro

MOST MANAGERS are familiar with project evaluation and review technique—PERT—and for some time it has been possible to make the application of it easier with the aid of a mainframe computer.

The cost of such computer aid has now been reduced by Computerline which is offering a Zilog-based microcomputer together with suitable programs.

With Micropert a network can be loaded into the microcomputer by someone who is not a specialist or trained programmer. Questions are asked by the computer on the VDU to which answers are typed in on the keyboard.

A number of analyses and reports can then be produced by the associated printer.

More from the company at Station Road, Addlestone, Weybridge, Surrey KT15 2PW (0932 40298).

Running neck and neck

ACCORDING TO the fourth volume of B.I.S. Pedder's Seventh Annual Computer Census, which has just been published, market leaders in the UK IBM and ICL are running neck and neck in terms of installed base, each having 29.7 per cent of the total.

This volume covers machines valued at £15,000 and above and complements Volume 3 which dealt with smaller systems and was published in May.

The new report also records that the market for larger systems in the UK grew by 35 per cent in numbers of installations and 21 per cent in installed value during 1979. At year-end the installed base amounted to 29,346 installations valued at about £3.5bn. There were 581 different models supplied by 89 different manufacturers, it is reported.

A supplement to the census shows that of an installed base of £137m in dedicated processor-controlled data entry systems, Redifon held 21.5 per cent.

● HANDLING

Materials are kept on the move

DESIGNED TO improve the flow of materials in bulk storage are pneumatically operated pulsating panels marketed by Kerry Handling, Kerry House, High Street, East Grinstead (0342 24236).

They are called Pneubin and comprise a Neoprene diaphragm which is vulcanized on all four edges to a steel plate to form an airtight cushion.

Panels are available in various standard sizes from 4 x 12 inch to 36 by 96 inch, to fit on the inside of hoppers, bins, bunkers or silos and can be connected from the outside to the normal plant airline system.

An automatic valve is fitted to control the passage of air to the panel to any required frequency. As the air pressure builds up inside the panel the Neoprene diaphragm inflates and displaces the bulk material in the storage unit.

Action of the panels ensures free flow of all difficult bridging or funnelling-prone materials such as flour, detergents, sand and fertilisers, says the company.

Lifts loads fast

TWO SMALL pumping movements are now all that is required to raise loads of up to 3,306 lb clear of the ground with the Ameise 2000 hand pallet truck, says Jungheinrich (GB), Southmoor Road, Wythenshawe, Manchester (061-998 7919).

This rapid lift feature is particularly useful when moving partially laden or empty pallets in that the job is much faster and simpler, says the company.

With heavier loads (truck can handle up to 2 tonnes) the lift speed automatically reverts to normal, reducing the transmission ratio to ease the loading operation.

As the new fast-lift action reacts to varying pressure, the limit pressure can be altered from the normal 330 lb to suit individual applications.

● HAND TOOLS

Light on the trigger

BECAUSE IT is air powered (accepting 325 ml, 8½-inch long disposable cartridges) a lightweight caulking gun needs only the lightest trigger pressure for immediate operation says DeVilbiss Company, Ringwood Road, Bournemouth (020 16-71111).

Called the Big Shot, it costs about £15 and has applications in a number of industries. Typical uses would be for windscreens and window sealing, gasket forming, glueing, or grouting ceramics and tiles, crack filling and caulking.

The gun has a large knurled regulation valve to ensure that an even bead of materials is dispensed from the nozzle, is made of high impact polypropylene, and will operate with a ¼hp or larger compressor. Air consumption varies depending on the type and viscosity of the material being handled.

● ELECTRONICS

Three new materials

ITEMS OF interest to those assembling electronic equipment have been announced by three companies.

From Interfax of 2b Reddicap Road Heath, Sutton Coldfield, West Midlands B75 7DU (021 378 2289) comes news of a silicone-free heat sink compound called 70 EDF. The company says that this material will not creep or migrate, has no effect on the conductivity of nearby electrical contacts and will not separate out when left standing. An applicator can also be supplied.

Teknis of Meadrow, Godalming, Surrey GU7 3HQ (04868 5432) can now supply conductive antistatic stores boxes made by KABI of Potters Bar; based on polypropylene the boxes are available in three sizes up to 235 x 140 x 127 mm and are particularly suitable for storing static-sensitive electronic devices and electro-explosive substances.

Introduced by RFI Shielding of Rayne Road, Braintree, Essex (0376 42626) is a gasket material which will prevent emission of radio interference while also providing a weatherproof seal. Called Duroseal, it is a silicone elastomer in which a fine mesh of Monel or aluminium wire is embedded.

● INSTRUMENTS

Senses from a distance

RADIATION PYROMETERS employing a dual wavelength technique and able to tolerate a 95 per cent attenuation in the received intensity have been introduced by Ircon Incorporated and are available from the German branch at Hebbelstrasse 1, D-6204 Taunusstein 1, (Hahn), Federal Republic of Germany.

Known as the Modline R Series, these instruments cover the four temperature ranges 700-1400, 900 to 1600, 1100 to 2000 and 1500 to 3500 deg C. They determine temperature from the ratio of received intensities at two adjacent wavelengths, so that any obscuration of the source due to dust, smoke, dirty viewing windows and small moving objects that do not fill the field of view will affect both frequencies identically, leaving measured temperature unaffected.

Optics, beam splitter, fibre optics mixer and a temperature controlled enclosure containing the two silicon detectors are housed in a robust case which is cable connected to an indicator/controller unit. Analogue or digital displays can be provided, together with a choice of 15 electrical outputs and a wide variety of controllers.

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FINANCIAL TIMES SURVEY

Friday July 18 1980

Spanish Exports

The expansion of Spanish exports has been one of the country's few recent economic success stories. Spain's trade is increasingly EEC-oriented but negotiations to join the Community have raised some difficult issues. Producers and exporters need to acquire greater expertise to establish or expand markets further afield.

Battles over EEC entry

By Robert Graham

Madrid Correspondent

THE HOPE that Spain's accession to the EEC was going to be smooth and speedy has been brutally shattered. President Giscard d'Estaing may now deny that he ever said there should be a "*pause*" in the negotiations—as he claimed at a Press conference at the end of June—*but his message is clear enough.* France is not prepared to entertain further substantive discussions on Spanish entry until the Community has solved its own outstanding problems, and, just as much to the point, until the French Presidential elections are well out of the way.

As if to back up this dampener on the negotiating process, farmers in southern France have resorted to the worst violence yet against Spanish produce entering France. Ten trucks were burned near Perpignan in mid-June, provoking a five-day protest blockage by Spanish truckers on the main Mediterranean highway between France and Spain.

Since then, passions on either side have cooled, but they have not been tamed. Despite commitments by the French security forces to ensure full protection for Spanish produce, there has been at least one more incident. It is going to be hard for the French *authorities to clamp* down on the farmers, who see their *interests* threatened, because the agricultural vote is going to be vital in the 1981 Presidential elections.

Indeed, it has been felt in Madrid that the farmers used the protective umbrella of their vital vote in order to make their violent protests. By the same token President Giscard d'Estaing's tough stance towards Spain panders to this electoral group.

Over the past two years there have been up to 150 incidents in which Spanish produce has been damaged or ruined in *transit through* southern France, according to a spokesman for the Spanish Citrus Producers Association. The fact that such incidents have gone largely unreported reflects the Spanish desire to avoid friction. Yet now that the issue has come into the open and threatens to erupt, there is a risk—albeit a slim one—of a wider trade war.

For instance, the Spanish Employers *Federation started* murmuring about a boycott of French goods after the June incidents. Anti-French sentiment in Spain is strong, and is being fuelled by criticism of the French by Spanish officials for their failure to curb militant Basque separatist activities inside France.

The Interior Minister, Sr. Juan Jose Roson, said recently that the ETA's bombing campaign against Spanish coastal resorts was planned in France.

Against this background, it is worth remembering that France is Spain's biggest trading partner, absorbing 33 per cent of total exports. Ironically, the French President's stand on the EEC, so heavily criticised and resented in Spain, may be to the country's long-term advantage.

Spain's governing party has set the pace of the EEC negotiations, and the *timetable* which the Spanish now see being delayed was largely the Government's creation. The Government has been anxious to conclude the negotiations speedily for two principal reasons. First, it felt that protracted negotiations would harm the Community's image. And second, EEC membership was *conceived in essentially political* terms by both parties, as a move to bring Spain closer to the mainstream of Europe.

Therefore the Spanish sought to tie up the bulk of negotiations by the end of the year, to ensure accession by 1983. This timetable also had the advantage of clearing aside all the thorny issues before the French Presidential elections, *so that Spanish entry would not* become an electoral issue.

Timetable

The timetable was also tailored to cater for domestic politics. With the next General Elections due in March 1983, the Prime Minister, Sr. Adolfo Suarez, wanted to go to the country with the accession sewn up.

The French stand has shaken the Government out of a dangerous public complacency about the EEC, drawing attention to the very real difficulties of adjustment that Spain will face. It has shown that entry cannot be taken for granted. More importantly, it has revealed that behind the brave protestations of support for Spain, the Community itself has reservations about the impact of Spanish entry.

Until now, there has been no real debate in public on the pros and cons of Community membership. If this were to *take place now, it could even* sharpen Spain's negotiating position, and create a broader awareness of contingent issues like the position of the other Mediterranean states and how they will be affected.

Whatever happens in the medium term, one short-term fact cannot be ignored. The direction of Spain's trade is increasingly Community orientated. Last year the proportion of Spain's total exports which went to the EEC increased to almost 48 per cent.

Meanwhile Spain is the Community's sixth biggest customer, importing 35 per cent of its goods from the EEC. If Spain were to purchase more agricultural goods inside the EEC, the percentage would be substantially higher. Spanish agricultural exports have long shown their ability to sustain an important share of Community business. But it is only during the past four years that its industrial goods have begun *to penetrate the EEC. This is* part of a wider pattern of growing export-consciousness in Spain.

GEOGRAPHICAL DISTRIBUTION OF SPANISH TRADE

Exports: (Pta bn)

	1979	%	1978	%	1978-1979 Variation
Europe	726.4	59.4%	579.7	57.8%	25%
EEC	586.0	47.9%	463.6	46.2%	26%
EFTA	74.3	6.0%	63.0	6.3%	17%
Comecon	40.2	3.2%	29.5	2.9%	36%
U.S.	85.1	6.9%	92.7	9.2%	— 8%
Latin America	108.4	8.9%	74.7	7.4%	45%
Asia	122.5	10%	98.2	9.8%	24%
Africa	129.7	10.6%	114.5	11.4%	13%
Canada	10.5	0.8%	11.3	1.1%	—22%
Total	1,221.4		1,001.3		22%

Source: Ministry of Commerce

Impetus

The expansion of Spanish exports has been one of the few economic success stories in four bleak years of domestic recession. The main impetus came in July 1977, with the devaluation of the peseta—an impetus subsequently sustained by declining domestic demand and the consequent need to find new outlets to sustain production lines. Now that the peseta is once more above its pre-July 1977 parity, the continued low level of domestic demand remains the prime incentive to seek export markets.

Yet the Ministry of Commerce likes to believe—and there is some firm evidence for it to do so—that the export trend is consolidating and is no longer a temporary deviation. *Last year exports grew* an average of 22 per cent in peseta terms, compared with 29 per cent the previous year. In the first quarter of 1980 growth fell back marginally to 21 per cent. While there is therefore a clear deceleration, the average growth rate is still well above the OECD norm.

Officials never expected the high growth to be sustained for long. Historically, exporting has played only a small part in the Spanish economy. The present deceleration is influenced by declining competitiveness of Spanish exporters, because of higher overheads and the value of the peseta. It can also be explained by the impact of recession on Spain's main trading partners.

In Spain itself the recession is biting hard, affecting *companies in the engineering* and construction sector most seriously. At the end of 1979, per capita steel consumption had fallen to the level of 1968. This year, GDP is expected to *grow by no more than 1 per* cent, against 1.5 per cent last year. If it rises above this level it will be the result of an exceptionally good agricultural year.

The recession is taking a heavy toll on company cash flows, with a squeeze on profit margins and an unprecedented number of bankruptcies. Its impact is grimly reflected in a jobless figure of almost 1.5m. equivalent to 11 per cent of the active population.

The principal change this year concerns the terms of trade and the balance of payments. Imports in the first quarter were up 46 per cent in pesetas, 56 per cent in dollars. The increase had been primarily the result of higher energy costs, but there was also an upsurge in *industrial imports.* Although Spain imported 7 per cent less crude, the first quarter fuel bill was up 84 per cent to $3bn.

With low *rainfall*, and therefore less hydroelectricity, Spain has recently been obliged to import more crude than anticipated. The year's bill could be over $12.5bn—double that of last year. This means that the current account will swing into deficit to the tune of $3bn. Reserves have *fallen by $1bn* from a high of $13bn at the end of last year, and they could fall by another $1bn. Much depends on tourist receipts and how the Basque bombing cam*paign hits tourism.*

Deficit

Economic policy continues to rely heavily on monetary instruments of control. Credit has been slightly eased, but the main cause of expansion in the money supply has been a worrying public sector deficit, which could reach around $5.7bn. The Government has also sought to *hold down prices through limiting*, where possible, energy-prompted increases. Nevertheless there is mounting pressure for another increase in electricity tariffs of around 20 per *cent, on top of a rise of* 17 per cent last January.

It is also worth mentioning that the price index is being distorted because farm-gate prices remain low. The foodstuff element in the index has grown on average 7.5 per cent this year, against 21 per cent for non-foodstuffs. The Government will be hard put to keep inflation below the target of 15 per cent.

Despite strong lobbying from exporters, the Government is unlikely to play around with the peseta parity too much. Exporters would like to see the peseta go back to the July 1977 level of Pts 84 to the dollar. At present it is hovering at Pts 70, with a discount of three points for six months rates. The Government would prefer to ride with the exporters' complaints, allowing a gentle downwards "semi-clean" float, rather than risk the inflationary *consequences of a substantial* drop in the parity with the dollar, the main traded currency.

In the months ahead there is little comfort. The Government has so far failed to gain any *measure of confidence* from the business community. Indeed there is a depressing lack of confidence in the Government's ability really to press ahead with its accelerated energy programme, which should—in theory at least—provide the basis for a mild industrial recovery in mid-1981.

هكذا من الأصل

SPANISH EXPORTS II

Greater share in EEC market

THE CONTINUED dynamism of Spanish exports depends in good measure on the ability of Spanish goods to sustain and consolidate their share of its principal markets in Europe. At the same time there is some evidence of a long-term trend towards greater shares of the expanding Latin and Central American and Middle Eastern markets.

Asia and the African continent below the Sahara remain largely untapped areas. As for the important North American market, there has been a decline in exports: a drop which almost certainly reflects declining competitiveness in the U.S.

Last year the EEC accounted for almost 48 per cent of total Spanish exports. This represents an increase of more than 1.5 per cent in the overall absorption of Spain's foreign sales, a significant rise in the steady upwards trend of the past decade. By the same token, the Community's trade with Spain also increased. The EEC share of Spanish imports rose by just over 1 per cent and is now almost 36 per cent of total imports.

Changes in presentation of statistics make it difficult to give precise figures on the increase in the value of Spanish exports to the Community. But it is clear that Spain is still increasing its sales to the EEC at a faster rate than is the EEC to Spain.

Within the Community, the main purchasers of Spanish goods continue to be in the following order of importance: France, West Germany, the UK and Italy. Together, these four countries buy 39 per cent of all goods exported by Spain.

Agreement

However, by far the most important buyer is Spain's immediate neighbour, France. The latter buys 33 per cent of Spain's exports to the EEC, while Germany buys 21 per cent. Britain and Italy take 14 and 13 per cent respectively. The basic reason for this concentration is a mixture of geographical proximity and historic trading links. But there are specific factors as well. Europe provides the main demand for Spanish foodstuffs and buys just under two thirds of total sales.

This concentration also reflects the investment of European and multinational companies in Spain using the country in part or substantially as an export base. This is especially the case of the expanding motor industry. The presence in Spain of Citroen-Peugeot, Talbot and Renault with French control bears importantly on France's purchases from Spain. Talbot for instance invoices all its European sales through France.

Meanwhile Ford, two-thirds geared to exports, services northern European markets from Spain. Seat has sales arrangements (or had until the present showdown with Fiat) in Italy. France is also now an important buyer of chemicals, plastics.

Other Community countries continue to trail behind these main four members in absorbing goods. In general, EFTA members and the remainder of non-communist countries take a relatively small slice of Spanish exports, either individually or as a whole. EFTA countries, with whom Spain recently ratified a new agreement, account for 7 per cent of exports.

Neighbouring Portugal has begun to be a buyer of Spanish goods in the past three years and last year Portuguese purchases of Spanish goods jumped 35 per cent.

Another market to which Spain is paying more attention is that of Eastern Europe, which in the past was inhibited by the Franco regime's refusal to entertain diplomatic relations. This market represents under 3 per cent of Spain's exports and there are limitations on the type of goods that the Comecon countries are willing to buy. However, Spain has found in the Soviet Union a useful, albeit small, outlet for its wines.

The rhetoric surrounding Spain's trade with Latin America gives the impression that commerce is substantial—given the historic links of culture and language. However, sales to Latin America continue to be small and the volume is sustained essentially by three countries—Argentina, Mexico and Venezuela. These countries provide 67 per cent of the $1.5bn Spanish sales to Latin and Central America, which in turn represents just under 9 per cent of total foreign sales.

The most significant element here is the sharp jump in the purchase of Spanish goods by Argentina and Mexico. Last year both Argentina and Mexico doubled their purchases of Spanish goods. This reflects the supply of equipment and manufactured goods to projects in which Spanish companies often have established equity interests. Overall, Spanish sales to Central and Latin America last year increased 50 per cent—the fastest area increase. Nevertheless there is a continuing trade deficit with Latin America and the gap has not been much reduced.

Sales to the U.S. have traditionally accounted for about 10 per cent of Spanish exports. But last year the importance of the U.S. market declined by nearly two points. Officials maintain that this resulted from the declining competivity of Spanish products with the appreciation of the peseta against the dollar. Undoubtedly the increase in the value of the peseta, which has more than recouped its pre-July 1977 devaluation parity, played a part.

But it is not clear whether the kind of goods that the U.S. used to buy from Spain are now being offered at lower prices and better quality from countries like Brazil, Taiwan and South Korea. Exports to the U.S. of steel products, canned foods and shoes—especially the latter—have suffered. This has further aggravated a negative trade balance with the U.S.

In North Africa Spain has established itself as a significant trading partner with Algeria and Morocco. Despite close traditional links with Morocco, trade with the latter has been adversely affected by the delicate and highly politicised question of the former Spanish Sahara. This has meant that Moroccan trade has tended to remain static while sales to Algeria have been continually on the up—so much so that last year for the first time Algerian purchases from Spain were greater than those of Morocco. The two countries now split almost equally purchases worth $770m, or just under 5 per cent of total Spanish exports.

MAIN SPANISH EXPORTS
(pesetas bn)

	1978	1979	% increase
Vegetables	90.9	121.4	34
Edible oils	22.2	27.2	22
Foodstuffs	71.0	80.7	14
Minerals	58.4	61.6	5
Chemicals	57.6	75.9	32
Plastics	39.0	48.6	25
Paper	35.4	45.8	29
Textiles	58.8	63.8	9
Shoes	46.7	48.5	4
Metals	158.3	194.6	23
Electric equipment	118.9	154.1	30
Transport equipment	135.1	166.4	23
OTHERS	109.0	132.8	32
TOTAL	1,001.3	1,221.4	22

Source: Ministry of Commerce.

Significant

The natural focus on the Maghreb countries has been expanded in the last two years to include the broader Middle East. Here, Spain is beginning to reap the benefits of its support of the Arab cause, having previously been the slowest of all the European countries to exploit the Middle East market in the wake of the 1973 oil price rises.

In percentage increase terms, Iraq has proved the most important buyer and Spain is concentrating much effort on cultivating this market. Last year Iraqi imports of Spanish goods more than doubled to $137m. As a whole, Middle Eastern purchases retain a marginally larger share of total Spanish sales than Latin America. This is likely to remain so.

The imponderable factor here is Iran. Iran was Spain's most important market after the Maghreb before the revolution. After the Shah was toppled, sales dropped. But they have now picked up again (especially steel products and foodstuffs) and could reach more than $500m this year. These figures could be further increased if some European exporters either use Spanish affiliates to service Iran, or invoice via Spain to get round the embargo on Iran, which Spain is not observing.

Asia remains an untapped market which Spanish exporters observe with caution and some ignorance. Japan has begun to buy more Spanish products, last year worth $340m, and China has been singled out as an interesting market. A recent success was achieved in Indonesia, where important refinery and cement plant contracts have been signed. These should boost future Spanish sales. Trade with China is now running at just over $100m and the latter has shown interest in steel products and mining equipment.

As for Africa, Spanish sales continue at an insignificant level, with Nigeria the biggest buyer. Beyond that, there is a feeling that the African market has been neglected.

From all this there are two main conclusions. Spain's exports are conditioned by the type of products it has to sell and by its knowledge/awareness of available markets. In the past decade there has been a sharp switch in the relative importance of the type of exports. Agricultural experts have lost their pre-eminence, to be overtaken by industrial and consumer goods. This is a natural result of Spain's increasing industrialisation—and a reflection of depressed domestic demand.

Robert Graham

Slow progress on entry negotiations

THE SPANISH Government has reluctantly accepted that negotiations for Spain's entry into the EEC will be delayed. On its own, the Government can do little to oppose French pressure in this respect — and the Spanish have found no allies inside the Community willing to tangle with the French on their behalf.

The officially stated French reason is that the Community must first resolve its own internal problems before coming to terms with enlargement. There is a measure of truth in this. Even before President Giscard d'Estaing last month announced the need for a pause in negotiations for EEC enlargement, internal Community disputes over the budget and agricultural policy had noticeably begun to delay Spain's case.

Indeed, President Giscard d'Estaing's comments on EEC enlargement had been preceded by some fairly acrimonious remarks by the Spanish Minister for Europe, Sr. Leopoldo Calvo Sotelo. He said, in so many words, that it was unacceptable for the Community to use internal problems as an excuse for delays when Spain, with enormous internal adjustments of its own, was carrying out its side of the bargain.

But the prime reason for the French attempt to slow down the process of enlargement, as the Spanish know only too well, is the forthcoming Presidential elections in France. President Giscard d'Estaing is clearly reluctant to commit France (and his own electoral prospects) to any concessions which might prejudice the interests of the powerful agricultural vote. This applies in particular to concessions on agricultural goods.

Barring unforeseen events, negotiations are therefore unlikely to be resumed seriously until late 1981 or early 1982.

Process

Substantive negotiations began only last autumn, although the formal process was initiated in February 1979. From the start, Spain's case has presented a different scale of problems to those which the Community faces in accommodating Greece and Portugal. Spain accounts for over two thirds of the total exports of the three candidate countries; it is the Community's eighth biggest supplier and now sells to the EEC 47.9 per cent of all goods exported. At the same time EEC sales to Spain make it the Community's sixth biggest customer.

But this is not the only problem. The treaty governing trade relations with Spain, signed in 1970, offers a less favourable margin of preferential tariffs than those signed with Greece and Portugal. Thus the negotiating process and transition time has from the outset been considered complex and lengthy.

The two sides have approached entry from differing points of the compass. The Spanish have sought to protect industry with a long transition period, but to press for the early free circulation of its agricultural products. The Community, on the other hand, has viewed Spanish industry — not entirely correctly — as aggressive, heavily Government-supported, low-cost and capable of ruthless dumping practices. Thus it has sought to negotiate a shorter transition time for lowerng tariff barriers on industrial products. But for agricultural products, the Community, pressed by the specific interests of France and Italy, would like to see its own goods protected as long as possible.

In relative terms, Spain's agricultural exports to the EEC have declined over the past decade. They once represented 45 per cent of total exports to the EEC: now they account for just over 25 per cent of the total. The reason is not that the Community has been buying less Spanish agricultural produce—it is rather that Spanish industrial and consumer goods are becoming more important in this market. This trend is particularly noticeable in the establishment of industrial facilities by multinationals, which use Spain as an export base, such as the Ford motor operation.

However, the thorniest issue is and will remain Spanish agricultural exports. The Community is Spain's principal market, not only because of the convenience of geographical proximity for supplying perishable goods, but because Europe, and especially Northern Europe, generally needs the kinds of products that Spain is geared to producing in quantity: citrus, Mediterranean fruits, and vegetables. For instance, the volume of Spain's fruit production is equivalent to 23 per cent of the EEC's total. This is only an average, and in some instances the percentage goes much higher—as with apricots, which make up 98 per cent of the EEC total. As a result Spain sells 65 per cent of its total agricultural exports to the EEC—and there is little doubt that it could sell more.

Firstly, Community producers of such competing items as citrus, tomatoes, olive oil, grapes, wine and canned goods are protected. In a free market, the Spanish believe, and indeed know, they can undersell because their production costs are cheaper. Fears that this is precisely what the Spaniards are doing have been one of the main causes behind the violent lorry-burning incidents of Spanish goods this summer. French farmers were protesting at cheaper cherries and apricots passing through.

Secondly, Spain is currently discriminated against by the EEC in relation to other non-Community Mediterranean producers. The preferential arrangements concluded between the EEC and the three Maghreb countries, Israel and Cyprus, are more favourable than those with Spain. For instance the reduction in the common external tariff applied to Maghreb produce rises to 80 per cent, and for Israel it is a 60 per cent minimum. But for Spain the reduction is only 40 per cent.

Umbrella

Thirdly, some EEC members believe that Spain has a large untapped production capacity which it could utilise, if and when it comes within the EEC's own protective umbrella. The Spanish producers deny this, arguing that a general lack of water inhibits such a possibility. Available water is being directed to domestic and industrial use rather than agricultural.

Logically the discrimination against Spanish agricultural goods should disappear on entry, which would in turn pose problems for the EEC in its relations with the other Mediterranean producers—all of whom for differing reasons the Community wishes to keep within a sphere of influence.

A side issue which as yet has not been touched upon in detailed negotiations is the question of Canaries exports to the Community. In this context the Canaries have to decide whether or not they want to be formally inside the customs union. At present the Canaries are a duty free zone and depend heavily on this status for economic survival.

The Community in principle prefers not to accept duty-free zones. If the Canaries stay outside the union, they could face complications in selling their agricultural produce — essentially tropical fruits (bananas), tomatoes and tomato paste, spring potatoes and tobacco.

For Spain as a whole, another important consideration is how the expanding market for its goods in Central and Latin America may be adversely affected by entry into the Community. When some of these countries discover that their goods are subject to higher tariffs as a result of Spanish entry, they may well be reluctant to see trade imbalances developing.

R.G.

هكذا من الأصل

Growth of credit brings changes in financing

THE RAPID evolution of Spanish exports is eloquently attested by the growth of export credit. In the past seven years, total credit financing of exports by the banking system rose by an annual average of 33 per cent. Last year, the increase in export credit was 31 per cent, but this was still almost double the rate of inflation, and the increase was far more substantial than the average rise in the volume and money value of goods exported.

This rapid growth reflects on the one hand the top priority given by the authorities to satisfying export finance needs. On the other, it shows the important latent demand for export financing. Provision of such finance has not been painless.

The problem in providing an adequate system of export finance lies in the rigid and unevolved Spanish financial system. Even now there is no proper capital market and the banks are not geared to handling large-scale financial packages. Perhaps just as important, the authorities have had to come up with satisfactory mechanisms which take account both of their long-term desire to liberalise the financial system and to accommodate to the existing highly controlled system.

The principal structural change that has occurred over the past ten years concerns the role of the private banks, coupled with the emergence of the Banco Exterior, which is State-controlled but has mixed capital.

As late as 1973 the private banks were providing 82 per cent of all export financing. By the end of last year this figure had dropped to 45 per cent. In contrast, the Banco Exterior's role has risen from providing 18 per cent of export funding to 49 per cent. This change is not surprising given the peculiarities of the Spanish banking system.

The predominant characteristic of this system is the mechanism whereby the Government obtains substantial funds by obliging the private banks to set aside a portion of their deposits for officially-directed investments. For the commercial banks, the proporion is just over 20 per cent, which is channelled either into bonds of specially approved institutions or companies, or into loans or deposits with the Bank of Spain.

Outlets

Since such a high proportion of funds is tied up in investments with an average return of under 7 per cent, the commercial banks are obliged to seek more profitable outlets for their "free" funds. In providing export finance, the banks therefore have to limit themselves mainly to the financing of working capital or short-term operations, and to avoid medium- or long-term commitments unless their own portfolio companies are directly concerned.

This tendency has increased since 1977, when, as part of the Government's scheme to mobilise funds for exports, it decreed that the *commercial banks had* to set aside 3 per cent of their obligatory investments for exports. In 1978 the same treatment was extended to the savings banks, but in their case the percentage was only one point. As a result, the private banks now devote almost 70 per cent of their export finance to funding working capital.

At the same time as the 3 per cent requirement for the commercial banks was introduced, the Banco Exterior was obliged to devote a minimum 30 per cent of its deposits to export funding. (Last year this was raised to 33 per cent.) The net result was that in 1977 the amount of credit available for export increased from Pta 188bn ($2.6bn) to Pta 284bn ($4bn), a *51 per cent increase.*

To raise funds, the bank must first fully apply the ruling on the ratio of its deposits to be set aside for export funding. Once this has been completed, it can seek official funds from the Instituto de Credito Oficial (ICO), plus those funds already obtained from the other banks. As of last year, it can also obtain direct funds from other financial institutions for export, counting these as part of the 33 per cent ratio for officially directed investment.

The main change in the origin of the Banco Exterior's funds since 1973 has been that *part provided by the ICO.* At that time the ICO was supplying only 2 per cent of total export finance; last year it supplied 32 per cent of the Pta 507bn ($7.2bn).

With this increased funding available there has been a significant increase in the scope and type of finance. The most notable increase has been in the financing of buyers' credits. Five years ago buyers' credits represented only 18 per cent of Banco Exterior's export finance; now they account for just under 50 per cent (and are worth Pta 121bn ($1.7bn). The Bank has played a leading role in extending credit lines to Governments or foreign state-run institutions and companies through buyers' credits.

Because of the difficulties faced by the commercial banks in term financing, the bank has also become vital to the financing of items such as shipping orders. Here it covers 80 per cent of all such financing, and in the case of machinery it is 63 per cent.

With the liberalisation of foreign investment laws for Spanish companies last year, the bank has also come to play a significant role *in this area.* It is financing 88 per cent of foreign investment operations that are connected with exports. This year provisional estimates indicate that Banco Exterior *will be financing a further* Pta 50bn ($700m) worth of operations, although the figure is not yet definite.

Banco Exterior's growth is largely conditioned by the dynamic of Spain's export drive. However, by gradually increasing its solid network of overseas operations, it also helps to act as a catalyst for new export orders. Among its latest overseas banking ventures are a new office in Miami, and the establishment of banks in Chile, Argentina and Equatorial Guinea. It has also opened a branch in Moscow and two months ago paved the way for greater trade with mainland China by the opening of a $500m credit line.

R.G.

EXPORT CREDIT
(Pesetas bn.)

	1973	1977	1978	1979
1 Private Banks	61.2	149.6	173.3	229.2
2 Banco Exterior	13.7	134.6	188.2	247.8
a) Private Funds	12.3	39.7	51.3	60.8
b) ICO	1.4	69.9	109.9	159.9
c) Bank of Spain	—	25.0	27.0	27.0
3 Savings Banks	—	—	25.9	30.6
TOTAL	74.9	284.2	387.4	507.6

Source: Banco Exterior

Potential is under-utilised

THE OTHER day I was shown a pistachio-shelling machine, one of which had just been sold to a company in Cyprus. "This is a good example of the type of machinery that Spain through its own agro-industrial experience can produce cheaply and well," said the person who showed it to me.

A pistachio-sheller may seem an esoteric item to be exporting but it underlines the wide range of equipment which Spain has learned to produce well in agri-business — like pepper-dryers and industrial orange-juicers. However, manufacturers have been often slow to realise the potential of their own products, and agri-business is no exception.

There are other areas where the *story is similar. For instance,* Spain has a major domestic tile industry which has developed some good indigenous technology. There is wide scope to sell tile plants to Latin *America and the developing* world. Or again, Spain has built up considerable expertise in producing liquid fertilisers and phosphoric acid.

The basic reason for this *under-utilised potential* is quite simply that Spain is a newcomer to the export business. "You can't expect us to acquire in 10 years the kind of skills and sensitivities which trading nations like Britain have built up over the last 200 years and more." In short, information about markets is still inadequate, distribution networks are in their infancy (if they exist at all), and the financial and administrative support for exports is not geared to large operations.

A number of small companies, which have become involved in exports for the first time during the past three years, say that the odds are still stacked against them. They feel that a lot of basic commercial information which is available to other European exporters from Ministries and at embassies abroad is still lacking. They also maintain that because manufacturers have only recently begun to form associations to co-ordinate views and promote individual sectors, they have no easy point *at which to lobby* for improvements, while the Chambers of Commerce are only just beginning to re-organise after a shake-up of their old Francoist structure.

Until last December, buyers' credits were not available for deals below Pts 50m ($714,000). To bring small and medium-sized companies more into the orbit *of* this increasingly *popular type* of finance, the Government lowered the minimum to Pts 14m ($200,000) for exports of capital equipment, intermediate goods and raw materials. Accordingly the Spanish export credit guarantee company, CESCE, noted a 138 per cent increase in the number of policies issued to cover buyers' credits last year—an increase accompanied by a drop in the average value insured.

Those familiar with the process of export credit guarantee say that small contracts are still being lost because the CESCE cannot move quickly enough. In large projects where the customer is known, decisions are reached within two weeks. The CESCE said in 1979 it processed 46 per cent of all applications in less than 15 days and 78 per cent in less than 30 days.

However, almost a third still take longer because the CESCE requires references, and has to check on local agents and other matters.

Rigid laws

Another drawback has been the rigid foreign investment laws for Spanish companies which have helped to exclude *them from contracts where host* governments have wanted some equity participation. Last year these laws were liberalised and the fruit of this can be seen in important contracts—in Indonesia, for a cement plant and a $700m refinery; in Guatemala, for a $150m *pulp and paper* mill; and in the Philippines, for a $85m nickel plant.

The refinery deal, still not in force, also highlights a further problem. Spain can probably supply no more than a quarter of the plant because of limited technology, and neither the State nor the private banks can finance the whole $700m package. The limitations imposed by finance and technology therefore mean that Spanish companies have to work with international partners.

Finally, Spanish companies are handicapped by a comparatively thin layer of managerial talent. This means that often there are few good executives who can be spared to spend long periods abroad searching for work or supervising existing orders. Undeveloped manage*ment techniques also mean that* companies have often a poor record in costing export orders. "In theory inflation is always costed into bids but this is rarely done with sufficient thoroughness," said one contractor.

However, Spanish exporters are beginning to enjoy important political advantages in both the Middle East and Latin *America, thanks to the Govern*ment's policies towards these regions. Spanish companies are not tainted with a colonial or imperialist image, and several countries see advantages in dealing with an industrialised but more neutralist partner like Spain. *This is very much the* case with Iraq, where Spain has made important inroads in the past two years—even if the companies exporting have international connections.

R.G.

Motor industry multi-nationals willing to invest

SPAIN IS establishing itself as one of the major investment centres for the European automotive industry of the 1980s. The multi-nationals regard Spain as an attractive launching pad for penetrating the European markets, which also offers an important domestic growth potential. In less than a decade automotive exports have become a significant component in Spanish foreign trade, now accounting for almost 10 per cent of total exports. This percentage is expected to rise in the future.

While the industry is willing to stick its neck out over the future importance of Spain, few are prepared to forecast the precise nature of the ownership of Spanish production facilities. Within little over a year, important changes have occurred, and the end picture is far from complete.

AUTOMOTIVE EXPORTS

	EXPORTS 1978	EXPORTS 1979	% TOTAL SALES 1978	% TOTAL SALES 1979
Cars				
Talbot	18,656	2,392	19	3
Citroen Hispania	54,016	58,518	55	38
Fasa Renault	57,467	76,862	23	28
Ford España	188,880	176,375	76	69
Seat	87,051	119,889	28	41
TOTAL CARS	406,070	434,036	38	41
Industrial vehicles				
Talbot/Dodge	537	562	10	12
Enasa	1,639	2,050	10	14
Santa Ana	4,377	5,117	28	29
Mevosa	1,302	595	8	4
Motor Iberica	2,670	2,801	9	10
CAF	954	672	20	14
TOTAL INDUSTRIAL VEHICLES	11,479	11,797	13	14

Buses and tractors excluded.
Source: ANFAC.

The Chrysler facilities, producing the Simca 1200, Chrysler 150 and 180 saloons and Dodge trucks, are now under the Talbot name. They are controlled directly by Peugeot-Citroen. (Chrysler itself bought into the business in Spain by purchasing the plant and concession from Barreiros.) Motor Iberica, which produces a range of tractors, agricultural equipment, light trucks and buses, has lost its Canadian partner, Massey-Ferguson. The Japanese company Nissan has acquired Massey-Ferguson's former 36 per cent stake. And Enasa, the national heavy vehicle producer, has reached a complex agreement which in principle would give effective control of the company to International Harvester.

But the biggest problem is the situation of the largest car producer, Seat. In May, Fiat decided not to go ahead with the second half of a proposed capital increase in the company to gain an 80 per cent stake. The immediate result is that the State holding company, INI, has once again assumed management of Seat and has the controlling stake. Fiat's stake is now reduced to 26 per cent. Fiat's conduct has alienated INI so much that it is now doing its best to find a new partner for Seat, whose losses in 1979 were over $210m. Last month Seat executives went to Tokyo for talks with both Nissan and Toyota. This followed earlier discussions of a more general nature in March. Toyota has expressed an interest but has made no commitment.

If Toyota were to join Nissan in Spain—either through Seat or independently—it would have a major impact on both the nature and style of the European auto industry. Spain might then harbour the biggest Japanese auto presence in Europe, so Japanese intentions towards Spain are being closely watched by European manufacturers. Already Nissan and Motor Iberica are linked to Italy through the Japanese manufacturer's deal with Alfa Romeo, finally approved two months ago.

The Japanese interest in Spain is threefold. First, it can offer a good choice of greenfield sites. Second, the Government is willing to provide attractive incentives. And third, Spain is well located both for Europe, North Africa and Latin America—quite apart from any consideration about the domestic market.

The extent of Japanese interest can be gauged from Nissan's negotiation of a package deal (for the establishment of a joint company with Motor Iberica and Enasa. The deal broke down in January, partly because INI was uncertain about Nissan's heavy vehicle technology, but more because Motor Iberica wanted to play the dominant role. However, the deal could be revived if International Harvester does not complete its agreement with Enasa.

Nissan has indicated it wants to manufacture saloon cars via its Motor Iberica stake. But initially it will use its presence to manufacture 15,000 of its light vans and 25,000 of its all-purpose jeep, mostly geared to the domestic market. But the real purpose is undoubtedly to establish an export base into Europe.

The same reasoning applies to the International Harvester provisional agreement, which was signed in January and is due to be confirmed at the end of this month. In return for buying a 35 per cent stake in Enasa at a nominal price, International Harvester will commit itself to provide its services and technology and to invest in $100m engine plant with a 100,000 unit capacity. About 80 per cent of the engine production will be geared to export.

By agreeing to the engine plant, International Harvester had got round the delicate question of Enasa's surplus labour—a factor which put off other prospective buyers. The company will not, however, take on Enasa, a military vehicle operation, which is being hived off to the State-controlled Santa Barbara company. Already some 50 per cent of Enasa production(heavy trucks and buses) is exported. It also has a joint truck operation in Venezuela which is about to get off the ground.

Monopoly

Historically, the industry has not been export-orientated. For a long while Seat enjoyed a virtual monopoly of domestic sales and production—a monopoly which only began to be breached in the 1960s. Manufacturers then came into Spain essentially to get round the high protective tariff barriers.

However, since the mid-'seventies, the industry has increasingly become export orientated—mainly because of tougher domestic competition for market shares and the arrival of Ford, allowed in primarily as an exporter. In the mid-1970s, Ford built a $600m greenfield plant at Almusafes, near Valencia. The American company was only permitted to do so on the understanding that it could sell in Spain no more than 10 per cent of the previous year's total car registrations—the so-called "Ford law." Thus from the start over two thirds of production was geared to export.

With a production capacity of 270,000 when the plant started producing in 1976, Ford became overnight Spain's single largest exporting company. It still heads the list. Despite some difficult labour relations, the plant is generally considered a success. And with available land next to the site, there has been speculation for more than a year that Ford would expand. However, the recession and Ford's own financial position in Europe has led it both to revise downward market growth projections and to hold back on investment.

Nevertheless it is likely that by the late 1980s the Almusafes plant will be enlarged. Meanwhile General Motors has taken the plunge—having originally rejected a Spanish investment in the early 'seventies when Ford chose to come in. General Motors is building two main plants—a 260,000 car unit at Saragossa and an engine plant at Cadiz. There will also be some subsidiary facilities in the $1.88bn investment.

Car production is designed two thirds for export, essentially to the European market. The engine plant will also sell abroad, though more to the U.S. and Latin America. With the GM facilities operational, Spain should be exporting over 700,000 cars a year by the mid-1980s.

At present Spain is exporting 434,000 cars annually. Last year car exports were up 6 per cent and represented 41 per cent of total car production. This was one of the highest export ratios in Europe. However, there is little doubt that the depressed Spanish car market has forced the manufacturers to look outside Spain. This trend was noticeable last year and is even more so in 1980. For instance, Seat's Spanish sales fell from 213,000 to 174,000 last year, while exports rose from 86,000 to 118,000. This was the most dramatic instance of the common trend.

Exports are the key to Seat's short-term financial salvation. The company now depends on exports for 40 per cent of its sales. However, these exports are largely conditioned by agreements with Fiat on sales to third countries. Fiat remains a shareholder and has the licensed technology. Seat has an agreement with Fiat for the use of technology through to 1985. Seat is about to launch the Panda model. The original intention was to market the new model, as with all other models following Fiat's agreement to take over Seat in June 1979, in collaboration with Fiat's international distribution network. However, Seat now has to evolve new distribution agreements in the light of Fiat's refusal to take over the company. It is this control of international distribution which gives Fiat a strong hand to play in the company's future. Until the agreement was signed in June 1979 Seat was constantly running against the problem of where it could and could not sell its models.

This often produced acrimonious disputes and Seat was allowed to sell only where it did not especially suit Fiat—like Egypt, Ireland or some CKD units to Latin America. However, last year's exports would not have grown to the same degree if Fiat had not been responsible for Seat's marketing—and because Seat was for the first time fully incorporated into Fiat's network.

INI's desire to find a new partner, albeit in the medium-term, could easily prejudice the volume of exports. In turn, this could seriously affect the company's already parlous financial position. Seat last year produced 294,000 cars. But this was 75 per cent of capacity and this year stocks are up at over 50,000. Thus either Seat has to claw back its market lead (it is now below 30 per cent) or it has to export.

R.G.

Uphill fight for textiles

SPAIN'S TEXTILE industry, the oldest industry in the country and traditionally so important, is now playing a lesser role. It cannot compete with low-cost developing countries and is unable to overcome the climate of protectionism in its principal industrial markets. Unlike the shoe industry, however, reforms in this sector have been going on since 1975, and it is now on the road to a painful recovery.

The chief purpose of these reforms is to aim at a quality market and bring the industry up to the same technological level as its counterparts in other European countries. But on the other hand they have involved considerable labour cutbacks and the disappearance of many of the small and medium-sized family concerns.

By the end of 1979 a total of 512 companies had permanently closed, most of them in the Barcelona area where the industry is concentrated. Meanwhile, the jobless in textiles in 1979, at 36,589, represented just over 30 per cent of total unemployment in Spain that year and 17 per cent of the unemployment in Catalonia. In these circumstances, because the textile industry remains the country's third most important employer, with a total of 400,000 workers, the level of social conflict has grown.

A two-day general strike last February in the industry was backed by 90 per cent of the workers and by the country's principal trade unions. Then in April a group of textile workers managed to penetrate the Spanish Cortes (Parliament) while it was in session in an unprecedented bid to stop one company from declaring a suspension of payments. These developments have led the Government to make concessions. In two cases this year it has come to the rescue of textile companies in the south of Spain in an attempt to forestall social discontent.

Wage increase

Production costs have shot up. In 1975 there was a 50 per cent increase in wages and from that year until 1978 personnel costs rose from 19 per cent of total production costs to 31 per cent. At the same time the cost of imported raw materials, which rose considerably in 1973 and 1974, now represents 55 per cent of total costs.

A further handicap is the domestic market, where a per capita consumption of 13 kilos of fibres a year compares with a per capita demand of between 21-23 kilos in EEC countries. The industry is also extremely fragmented and it has severe cash-flow problems.

Beyond the EEC, Spain's principal customers are among the Arab countries with Saudi Arabia taking 3.3 per cent total exports in 1978, Morocco 3.8 per cent and Algeria 4 per cent.

In 1978 exports were still rising strongly—up by 31 per cent compared with 1977 at Pta 49.1bn, or roughly 6 per cent of Spain's total exports. Growth also continued in 1979, with exports up 10 per cent over 1978 at Pta 54.2bn. But from January to March this year there was a noticeable decline of 7.1 per cent, with exports totalling $221m compared with $238m for the first quarter of 1979.

What most concerns exporters is that there is no sign of any improvement, following both the French and German Governments' recent proposals that negotiations for the enlargement of the EEC should be postponed.

Indeed the only growth area, as in the last century before Spain lost its colonies, is Latin America.

Jane Monahan

Record volume of wine sold abroad

COMPARED WITH other sectors of the Spanish economy, the wine business is an anomaly. With production heavily dependent upon the weather, exports have not always followed a regular pattern. Within the past two years both production and export volume have fluctuated wildly.

For instance, in 1978 exports fell to a seven-year low, but in 1979 exceptional weather brought about the biggest production of the century. Spain produced 50m hectolitres of wine, of which 6m hectolitres were exported for a value of Pta 26.6bn—the highest value and volume ever sold abroad. These foreign sales were achieved despite a vigorous rise in domestic consumption, suggesting that wine is well insulated against the recession.

Two-thirds of all the wines produced in Spain are white wines and more than 50 per cent of all the trading is handled by co-operatives. In addition the trade itself falls into several different categories.

Growing trade

First, there is a small but rapidly-growing trade in vins ordinaires. This trade was valued at Pta 1.5bn in 1978, but in 1979 its value had shot up to Pta 7.2bn with the EEC countries, the main customers. However, the main developing areas for this trade are Africa, especially the Ivory Coast and Cameroon, and Eastern bloc countries. Of these, Russia is now firmly in the lead following an agreement in May with the Union Nacional de Cooperatives Agricolas SA to buy 1.5m hectolitres of white Spanish wine.

Second come the sparkling wines, the vast majority of which are produced and elaborated in Catalonia. The sales of these wines amounted to Pta 150.4m in 1978, rising to Pta 730.2m in 1979. Italy is the main customer, followed by Venezuela, Andorra, Britain and West Germany. This trade is now almost completely monopolised by two Catalan firms, Freixenet SA and Codorniu SA.

However, like the *vins ordinaires*, the trade of sparkling wines is mainly concentrated on the domestic market. Last year Codorniu had a massive output of 24m bottles, but of these, 14m bottles — equivalent to the entire international sales of the French Moet Chandon champagne for that year—were sold exclusively in the city of Barcelona.

Competitive

Next come the Spanish table wines which are second in importance in Spain's trade. Total trade in these wines amounted to 920,961 hectolitres in 1979, at a value of Pta 4.8bn, compared with 862,615 hectolitres in 1978 at Pta 3.9bn. Easily the most competitive of all these wines abroad are the red wines from the Rioja region. Exports of Rioja wines were valued at Pta 2.5bn in 1979—more than 50 per cent of the total value of the table-wine trade. Switzerland, the leading customer, absorbed 16 per cent of Rioja exports, followed by Canada (12 per cent), and Britain and the U.S. (11 per cent each).

The most important category of wines in terms of the value and volume of foreign sales are Spain's liquor wines or wines with a high alcoholic content. These include Cordoba's Montilla, some wines from Malaga, some Priorato wines, and Tarragona wines from the North-East.

However, all of these are exported in relatively small quantities, and the real trade in liquor wines turns on sales of Spanish sherries. For instance, out of total sales of Spanish liquor wines in 1979, 1.6m hectolitres at a value of Pta 13bn, Spanish sherries accounted for 1.4m hectolitres, worth Pta 12.4bn. This represented over 40 per cent of the value of the entire Spanish wine trade that year and a 10 per cent increase on Spanish sherry exports compared with 1978. Britain is the most important customer, with imports of 758,858 hectolitres in 1979, followed by the Netherlands (427,240 hectolitres) and then West Germany (427,240 hectolitres).

Finally, cutting across the sparkling wines, table wines and liquor wines, are Spain's appellation controlee wines, produced in a particular region. There are 27 such denominations in Spain of which by far the most important in terms of quality are the sherries from the Jerez de la Fontera region and the red wines of Rioja.

In both these regions, the wine trade has been dominated by aristocratic land-owning families with a long experience in the drinks business. In Jerez, there are two such families, one of French origin—the Domecq—and the other with British origins—Gonzalez Byass. In Rioja, there are eight principal wine houses—Marques de Riscal, Marques de Murrieta, Casa Martinez la Cuesta, Bodegas Bilbainas, CUNE (Compania Vizicola Norte Espana), La Rioja Alta, Bodegas Riojanas and Lopez Heredias.

As Spain prepares for entry into the EEC, several technical difficulties have arisen in connection with the wine trade. First, unlike the EEC, in Spain it is forbidden to add sugar to wine and to irrigate vineyards. In the eyes of Spanish officials both these practices are "underhand," placing Spain's wine at a clear disadvantage in EEC markets.

Another unresolved technical difficulty is over the alcohol limit. In the EEC the maximum alcohol limit for table wines is set at 14 degrees, whereas some naturally produced wines in Spain, such as the Priorato wines of Catalonia, contain up to 18 degrees of alcohol.

There is also a dispute with Britain over the continued use of the name "sherry" for wines that are not Spanish sherries. Now that Britain is a member of the EEC, the question has arisen as to whether Britain may go on using this term for sherries elaborated in the UK in the light of the *appellation controlee* regulations that are in force in several EEC countries.

Negotiations are currently under way between the Spanish and British Governments. However, according to Spanish officials they wish to tread very carefully because of the considerable overlap between British and Spanish interests in the sherry business.

Jane Monahan

SPAIN JOINS BATTLE FOR THE UNITED KINGDOM MARKET

MARKET DEVELOPMENTS

Within the trade and among knowledgeable drinkers, the quality of Spanish wines available on the British market has been a well established fact since the mid-seventies. During those years quality Spanish wine with "Denominacion de Origen," started to be comparatively well distributed and available to certain sections of the population, still small, but certainly with a good knowledge of quality wines from other countries. Value for money, diversity of regional tastes and a guarantee of a more natural product, as opposed to so many other wines that need propping up in order to become palatable, rapidly became the most outstanding features of Spanish wines among this section of connoisseurs. To a great extent this judgement applied to the inexpensive end of the market where the very well known brands of Spanish wine offered by the brewery combines also compared very favourably in quality.

For a majority of newcomers to wine, however, the force of old and stereotyped images was too strong, and only now very slowly and through experience are they beginning to accept the rightful place of Spanish wines. Due to a lack of information and publicity on the part of producers and the competent Authorities, the idea of quality Spanish wines had to come from the enthusiastic activities of a group of importers and distributors on the one hand, and the enormous number of wine-drinking British tourists in Spain (almost 4 million in 1979), on the other.

As a whole the market trend was not entirely satisfactory to Spain, if one bears in mind that during the last few years Spain went down to fourth place, after France, Germany and Italy, as supplier of wine, in spite of a total increase in volume of exports to this country of around 9%.

One should be talking in terms of light and shade; looking at the table relating to the clearance of wine during 1979, apart from the fact mentioned before, *the most significant point is the impressive increase in wines bottled in origin*, substantially above the increase of the market as a whole. Increases of 37% and 40% of red and white bottled wines, is proof of the ever increasing awareness by the British consumer, and consolidates hopes for the immediate future.

BRITISH IMPORTS OF SPANISH WINES DURING 1979

	Thousands Hls.	% Δ 79/78	Spanish market share	British market growth % Δ 79/80
(1) Red wines	99.5	4.1	12.7	14.1
1 Bottled, up to 13°	35.6	37.0	7.5	26.0
2 Bottled, up to 13°-15°	0.8	20.7	8.6	10.5
3 Bulk, up to 13°	62.4	−7.8	21.4	0.3
4 Bulk, up to 13°-15°	0.7	−47.5	7.7	−26.7
(2) White wines	209.3	11.3	15.0	22.2
1 Bottled, up to 13°	44.8	40.0	5.7	35.6
2 Bottled, up to 13°-15°	24.6	117.0	76.8	73.7
3 Bulk, up to 13°	135.9	−2.9	23.8	8.5
4 Bulk, up to 13°-15°	4.0	−17.7	44.8	−58.9
(3) Rosé wines	24.6	−11.3	17.5	−1.3
1 Bottled, up to 13°	4.5	9.0	5.8	11.4
2 Bottled, up to 13°-15°	—	−93.4	6.9	−54.5
3 Bulk, up to 13°	20.1	−14.4	32.1	−13.0
4 Bulk, up to 13°-15°	—	—	—	−89.5
(4) Total table wines	333.3	7.0	14.4	17.7
1 Bottled	110.2	48.5	8.0	31.0
2 Bulk	223.1	−6.0	23.7	2.4
(5) Sparkling wines	5.5	−3.6	3.1	11.5
(6) Sherry	533.5	0.2	—	—
1 Bottled	91.5	−2.5	—	—
2 Bulk	442.1	0.8	—	—
(7) Others	5.8	−9.4	5.2	−18.6

Source: H.M. Customs & Excise and "Vinos de España."

From another angle, the magnitude of this change was even greater; in terms of value the increase of exports of bottled table wines was over 50% in 1979, and during the same year the proportion in value of bottled wines in origin was 59% as compared to 38% in volume terms. This change is very important on its own, but also in relation to the emergence of a clearer picture for the setting-up of an active promotional policy on the part of the Spanish Government, previously unthinkable in a context exclusively dominated by exports of wine in bulk.

Of the same importance is the ever increasing diversity, by region of origin, of the wines of Spain coming into this country; in this sense, the Spanish method of making wine has been remarkable, in as much as it has increasingly adapted itself to the particular characteristics of the British taste, without losing its essential natural and regional qualities. Rioja wines are well known and liked for their characteristic "oaky" taste, which almost became totally identified as the typical Spanish bouquet. There should be no surprise therefore, at the appearance on the market of other Spanish quality wines perfectly adapted to the British market, with a completely different taste; Valdepeñas, Navarra, Penedés, León, Tarragona, Valencia, to name but a few of those which have already started to make their mark within the market for Spanish wines in the U.K. The magnitude of this change is even more apparent if one considers that in 1978 exports of Rioja wine to this country were only 35% of the total bottled wine exported; that from Penedés and Valencia-Cheste reached 18% each, Tarragona and Valdepeñas 8% each and Navarra 3%; the rest of the wine exported is divided among other regions.

The previous points indicate some optimism in an otherwise not very bright picture of the market-share losses as a whole; there is a hope for further improvement later. A tendency towards quality and a diversification of exports of Spanish table wines appears to be well established and should be enhanced with the eventual entry of Spain into the EEC. The establishment of "Vinos de España" (Office for the Promotion of the Wines of Spain) during this year should close the promotional and information gap which has existed till now in this market and has been undoubtedly one of the main handicaps to the expansion of exports of Spanish wine.

Probably the effect of this last factor has been decisive for Spanish sparkling wines. Looking again at the statistical table, one sees a fall of 3.6% within an expanding market, which can only be due to the lack of knowledge by the public at large, of the quality-price relation *vis-à-vis* other sparkling wines, particularly as the great majority of those exported to this country use the champenoise method.

The picture would not be complete without mentioning Sherry: contrary to the rest of Spanish wines, its quality and excellence have been known to the British public, who for centuries has been its number one consumer, even above Spain herself. The appreciation and long tradition of the wine from Jerez in the British market makes it even more surprising that the United Kingdom is the only country within the European Community which is under the commercial delusion that Sherry could come from anywhere other than Jerez, especially when similar fictions regarding Champagne, Cognac or Burgundy have long been dispelled. The natural complaints of the sherry producers in this respect should be treated not only in a strict commercial sense (given the difference in price compared with its main Sherry-substitute producers), but also, from historically based fact, in the light of a desire to defend a unique product. The challenge posed by the progressive ageing of the Sherry consumer presents a potential danger of considerable magnitude. The identity of this product should be re-established in terms other than the traditional ones, and here again, there is a need to create a new image for a quality product, made only of grapes and by a process of ageing and "vinification" notably superior to other aperitif wines.

VINOS DE ESPAÑA

Numerous references have been made to the problems of image and information regarding Spanish wines, and the negative results arising from the lack of these facts. Unlike most other wine-producing countries, Spain has not had a coherent policy to promote and enhance the image and distribution of her wines in the U.K. market, and has failed to provide Spanish wine importers with the promotional and generic advertising support that importers of wines from other countries have been getting.

It now seems that the Spanish Ministry of Commerce is determined to fill that gap, and earlier this year it established "Vinos de España" in London (with suitable financial backing), and entrusted it with the task of giving Spanish wine its rightful image and a wider distribution in the U.K. market.

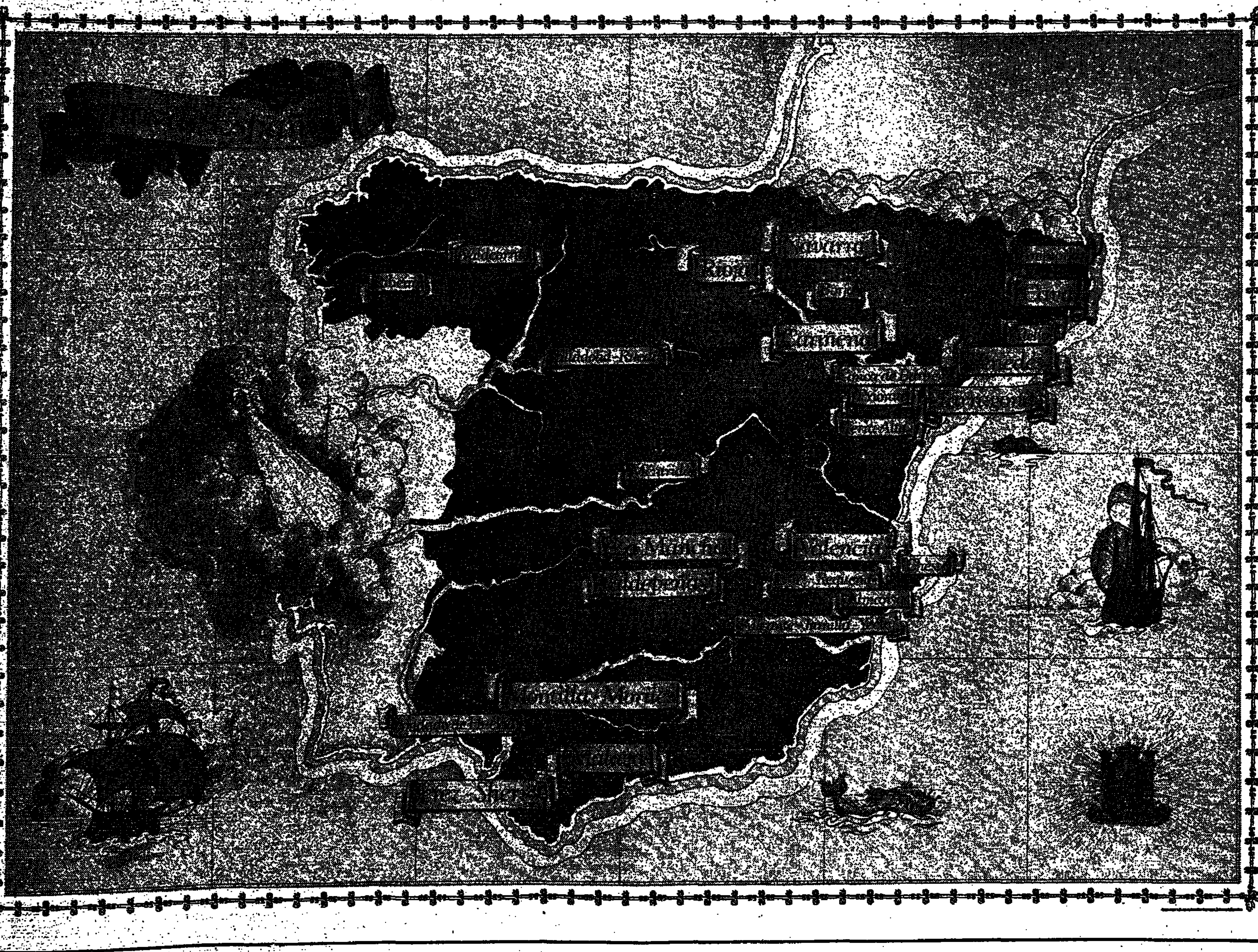
So far, Vinos de España has been engaged with its own organisation, producing new educational and promotional material, which will be available shortly, and designing a long term strategy based on a properly conducted survey of the U.K. wine market. However, most of its efforts so far have gone to organising the Spanish Village at the Bristol World Wine Fair.

As far as this event is concerned, the response from the trade has been tremendous. Over an area of 732m², the largest national pavilion at Bristol, there will be 40 individual stands, mostly from importers, and with a few exporters looking for distributors, as well as regional generic stands from Alicante-Jumilla-Almansa, Penedés, Rioja and Sherry. Literally hundreds of different wines from practically every producing region in Spain will be present, many for the first time in this country. This will offer a unique opportunity to trade and public alike to acquaint themselves with the wealth of Spanish wines.

In addition to this, the activities of Vinos de España have been reflected in recent "selection" wine tastings, carried out in London, with the object of determining their suitability for the U.K. market, where the quality of wines produced in the León, Valladolid, Yecla, Tarragona and Albacete regions, surprised even the experts. The results have been most encouraging. Many wines were considered suitable for this market, some exceptionally so, and others could be with slight changes, not too difficult to make. Wines from Tarragona, León and Yecla are already being distributed in this country, as yet in small quantities, and those of Valladolid and Albacete are likely to be available soon.

Vinos de España has planned to have more "selection" tastings in the very near future, and at the same time, other tastings will be organised. Introductory tastings of new wines looking for agents and importers on the one hand, and support tastings to help agents and importers to attain a wider distribution in the retail and catering trades, clubs, wine societies, etc., on the other. Some further clarification will be provided by the Ministry of Commerce at the official launching of Vinos de España this Autumn, defining its long term policy, its financial backing and the liaison with other promotional activities on behalf of the Spanish Government.

Unknown, not so much nowadays to the trade or the regular wine drinker, but certainly to the public at large, Spain produces a diversity of wines comparable to those of any other producing country. The *high quality is there too*; a well organized promotional campaign is highly deserved, which in time will give these wines the name in the British market befitting their quality.



Foreign markets vital to capital goods

"EITHER WE FIND export outlets or we have to close the factory," one capital goods manufacturer said recently. This is not an uncommon sentiment these days. In order to sustain production lines Spain's manufacturers are being forced to look beyond the depressed domestic market.

The process began in 1976 but each year the deepening industrial recession inside the country has forced manufacturers more and more to sell abroad. Last year more than 40 per cent of capital goods production was exported, and the percentage is likely to be the same this year.

This is a remarkable change in the structure of sales since, less than 10 years ago, Spanish manufacturers were inward looking and almost exclusively concerned with exploiting an expanding domestic market. "Even five years ago it never occurred to us that we would be selling 35 per cent of our production abroad. We thought our existing facilities would be producing only for the home market," a director of a machine tools plant said.

"In a very short space of time we have had to find agents to search out markets, and establish a proper export philosophy."

Considering that there has been a general lack of experience, the overall performance has been highly creditable. Last year the value of capital goods exported rose 24 per cent to Pts 235bn ($3.3bn). This was about two points above the average increase for total exports. It was also above the norm in terms of volume. Capital goods rose 14 per cent in volume, the bulk of these exports destined for Europe which absorbed 53 per cent of Foreign sales.

According to Sercobe, which is Spain's capital goods association, manufacturers are much more oriented to European exports. This is partly because of geographical proximity, but also because Europe is easier to operate in. It is often the case that Spanish capital goods manufacturers have either a foreign partner or are employing foreign-licensed technology, of European or U.S. origin, which again helps to determine where the goods are sold abroad.

The extent to which exports are being carried out on squeezed margins or actual losses is very much a matter of dispute. Many a manufacturer will complain that they are exporting below cost but are willing to do so to sustain production lines, like the person quoted earlier. On the other hand, others will maintain that this is part of a liturgy of complaint which falls short of the truth.

Idle capacity

However, there is little doubt that the manufacturers have plenty to grouse over. Last year with a 1.5 per cent growth in GDP, utilisation of productive capacity fell to around 65 per cent. This year, with growth projections hovering between zero and 1 per cent, there is still further idle capacity. At present probably no more than 60 per cent of capacity is being used, and of this more than 42 per cent is accounted for by foreign orders. This underlines the seriousness of the four-year-old recession.

Some sectors have been hit much worse than others. For instance, the dramatic drop in shipbuilding activity was underlined by recent figures showing that in 1973 Spanish shipyards had on order a total of 7.6m dwt tons against 1.3m dwt in 1979. But the impact has been widespread and the problems experienced either similar or the same.

Competitivity is being affected by at least three different factors. Labour costs have risen sharply over the past four years, and with the exception of last year, have risen above the level of inflation. Between 1974 and 1979, according to Sercobe, labour costs have risen 47 per cent in real terms. Turnover per employee has dropped by 13 per cent and financial costs have risen 56 per cent. During the five-year period the percentage of profits to turnover has fallen from 4.2 per cent to 2.6 per cent.

Added to this the manufacturers have been hard hit by the appreciation of the peseta. This was especially the case last year. The peseta more than regained its pre-July, 1977, devaluation parity with the dollar and this was keenly felt. Capital goods manufacturers have been among the most vigorous lobbyists for a more realistic value of the peseta.

Yet it is worth underlining that Spain imports about the same value of capital goods as it exports. A sizeable element of these imports are goods which cannot be produced in Spain, either because there are no production facilities or because the technology is lacking. Nevertheless, Sercobe believes that there is room for greater import substitution. Indeed some see a danger in the short-term rush for export markets with products of medium or low quality, or of medium technology. For this, they argue, puts them into a competition with evolved developing countries such as Brazil and Taiwan, which sooner or later they can no longer sustain.

The principal change on the horizon is the projected pick up in domestic demand expected next year. This expectation is related to the recent approval of major investments in the energy field, telecommunications and the railways. For instance, an accelerated energy programme is now being implemented whose chief elements are speeded up development of nuclear power, extra coal-fired power stations, the conversion of cement plants from fuel oil to coal and the reconversion of Spain's refineries.

R.G.

The shoe industry faces tough competition abroad

Shoe makers in trouble

SPAIN'S SHOE industry, which accounts for just under 5 per cent of total exports and which employs 70,000, has reached an impasse. As a result of sharp increases in production costs, especially raw materials and wages, shoe manufacturers are finding it increasingly hard to compete with the more cheaply-produced exports of developing countries and in particular those of South-East Asia and Brazil. Yet considerable improvements are needed in production before Spain can match the quality output of countries such as France, Italy and Japan.

Against this background, the downward trend in foreign sales that began in 1978 and continued through 1979, became even more pronounced in the first quarter of this year. Total sales in 1979, at 75.1m pairs of shoes, were down 7m pairs compared with 1978, though the value at Pta 48bn was Pta 2bn higher.

However, in January to March this year there was a 31 per cent decrease in the volume of sales and a 6.3 per cent decline in value compared with the first three months of 1979.

The impact of this decline has been most visible in the United States, traditionally Spain's leading customer. Figures for the first quarter of this year show that shoe sales to the U.S. were down by 50 per cent, both in volume and value terms over 1979. Last year exports to the U.S. represented only 38.9 per cent of the total, compared with 49.4 per cent in 1978. Thus, for the first time in a decade, the emphasis in the market switched in 1979, with EEC countries constituting Spain's most important customers and the U.S. taking second place.

In all, the value of exports to the EEC in 1979 amounted to Pta 24bn and accounted for 50 per cent of total exports, with West Germany first in the ranking (Pta 7.6bn), followed by Britain (Pta 4.6bn) and France in third place (Pta 3.8bn).

There are many reasons for the overall decline in the competitiveness of Spanish shoes abroad. However, exporters agree that the single most important factor has been the peseta's appreciation in 1978 and 1979. They maintain that this alone has put up the cost of a pair of Spanish shoes by 30 per cent in European markets and by 30-40 per cent in the U.S.

But there is also an urgent need to re-think Spain's sales approach. For instance, it had been suggested that much more emphasis should be placed on developing specialised lines of production, on marketing research, and on the promotion of Spanish trade marks abroad.

Meanwhile, the problems facing the shoe industry on the home market are now no less considerable and also revolve around the question of prices. Wages now account for about 33 per cent of total production costs, but the prices of imported leather hides, which went up 7.5 per cent in 1979 compared with 1978, now account for 45 per cent.

However, neither of these increases fully explain why, in the month of April, when the general increase in the consumer price index was 15.7 per cent, the prices of men's shoes went up 29.6 per cent, women's shoes 30.5 per cent and children's shoes 33.2 per cent. By way of comparison, the transport sector — which is directly affected by the prices of oil imports, which have gone up far more than the prices of imported leather hides—went up 26.7 per cent.

Preference

In these circumstances, Spaniards are showing an increasing preference for cheaper shoes imported from Taiwan, South Korea, Singapore, China and Japan. Total shoe imports to Spain shot up from Pta 1.1bn in 1978 to Pta 2bn in 1979, a 73.6 per cent increase. However, this surge in imports caused such an uproar among Spanish manufacturers, most of which are concentrated in Alicante province in the south east and Majorca and Minorca, that this year the Government decided to limit shoe imports to a value of Pta 150m.

Increased competition in Spain and abroad worries shoe manufacturers. But it is also generally agreed that the industry itself needs a thorough overhaul, both because of its antiquated technology which is now lagging 25 years behind Italy's and because of the sector's extreme fragmentation. Indeed, last month for the first time in the industry's history employers and trade union agreed to draw up a joint programme for restructuring the sector and called on the Government for immediate assistance.

The situation that led to this agreement was grim enough, with 40 per cent of the shoe companies now temporarily closed in Alicante, and with 10 per cent of total unemployment in the country now accounted for by unemployment in the shoe industry. However, what really brought the employers and unions together is that the prospects for the industry are considerably worse.

In fact, it is estimated that without the Government's assistance in improving technology, in promoting sales abroad, and in building up local stocks of raw materials with stable prices, then, over the next two to three years there may well be a 30 per cent decline in production, 30-40,000 people may be out of work, and Spain will virtually cease being a shoe exporting country.

J.M.

Consistent performance by cement groups

CEMENT EXPORTS have consistently sustained a good performance since 1974. However, in 1979, there was a slight drop in exports, and Spain lost its position as the world's largest cement exporter, ceeding first place to Japan.

Total exports in 1979 amounted to 9.59m tonnes, a 2.43 per cent fall in volume compared with 1978. However, this brought in Pta 23.7bn, fractionally more than the year before, and provisional estimates for the first quarter of this year suggest an improvement over 1979 both in terms of volume and value.

There are, therefore, no immediate signs of any slackening in this sector's performance. However, in the medium to long-term, Spain could well face more competition in the Mediterranean area from Morocco, Greece and Romania, where new production lines are being started and production costs are now much cheaper.

Indeed, like the rest of the Spanish economy, the cement industry is now operating under tough local conditions. Labour and raw material costs have gone up, medium-term credit is both difficult to obtain and costly: increased public investment in housing over the past five years has not compensated for the big slump in private domestic investment; and the construction industry is still in a recession. In these circumstances, the decline in internal demand for cement, which began in 1973, has persisted.

Earlier this year a plan was approved to convert to coal, and the Government has now announced an official credit of Pta 14bn at 14 per cent for seven years. Manufacturers consider this interest rate high, and it is now not certain how many of Spain's 53 cement companies may be willing to go ahead with the plan, even though the official credit represents 70 per cent of the plan's total estimated cost.

The biggest grievance of the cement companies, however, is the Government's price control policy. The Government justifies this on grounds that cement is an essential product, which does not compete on the market like other industrial goods. However, this year the wholesale price of a tonne of cement was fixed at Pta 2,762, the equivalent of only 50 to 60 per cent of the wholesale price in other European countries. Cement producers point out that in these conditions, were it not for exports, the industry could only run at 60 per cent of capacity.

This said, the cement industry has been well placed both in terms of technology and in terms of the quality of production to make the switch to exports. Also, Spain's ports are well-equipped, and most of the leading cement factories have the added advantage of being situated on or near the coast.

The most important recent example of this forward-looking policy was a decision by Hornos Iberia SA to build a cement factory, with a capacity of 1m tonnes a year, and port installations near Almeria at a cost of Pts 8bn. Operations at this complex are now underway and the location is considered ideal for Spain's main markets in Africa and the Middle East. Indeed, as in 1978, last year cement exports were chiefly concentrated in these two areas as well as in Venezuela and the U.S.

Important loss

In order of importance, Saudi Arabia remained easily the most important customer, taking 37 per cent of total exports. Nigeria came second, taking 1.03m tonnes. Then came Egypt (816,220 tonnes). In fourth place came Algeria (557,758 tonnes), fifth was Jordan (496,984 tonnes), and sixth was Venezuela (361,437 tonnes).

Of these six countries, Algeria is the only client to have reduced its Spanish cement imports over the past four years. However, a much more important loss last year was Iran, where imports dropped to zero compared with imports of 777,924 tonnes in 1978.

As well as the good installations of Spanish ports and the good siting of Spain's cement companies, this export performance also stems from the industry's rational commercial structure. For instance, the three main Basque companies in the North now channel their foreign sales operations through an umbrella organisation, Exponor.

In the South, Valenciana de Cementos SA manages its own sales, and in the North East Hispacement represents several companies including Asland, the country's single largest producer and exporter, Cementos Alba, another important exporter, and five Catalan companies. Of the three organisations, Hispacement is the most important, accounting for 53.9 per cent of Spain's total exports in 1979 and 22.7 per cent of total European exports.

However, all three groups have no difficulty in maintaining their clients. Now that they have firmly established an export base in Spain, there is now agreement that the future lies in opening up new plants and installations in third countries and developing trade from there. In line with this policy, Hispacement started constructing a silo complex and port installations in Nigeria.

In 1978 Cementos Alba concluded a $21m deal to set up a joint enterprise in Mexico, and in April last year Asland was one of three Spanish companies, together with an engineering and a shipping firm, to win a contract to build a Pta 10bn cement plant on Argentina's northern coast with a capacity to produce 700,000 tonnes a year.

J.M.

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For the past 14 years Greyhound has been steered by Gerald Trautman (centre) on a dramatic diversification course. Until recently the Armour meat company was the weakest link in the chain, but Trautman has now trimmed its gristle

A ticket to ride the takeover trail

BY DAVID LASCELLES

TO MILLIONS of Europeans, Greyhound is the bus company that offers the famous $99 for 99 days travel-as-you-please ticket, that basic essential of "budget" travel in the U.S. But those days are, alas, long gone. Not only has the $99 ticket passed into history (the latest price is over $300 for only 30 days), but Greyhound is not really a bus company any more.

It still operates the U.S.'s biggest bus line. But that business last year accounted for less than a fifth of revenue, and only a third of profits. Today, Greyhound makes sausages and soap, insures mortgages, leases computers, and does a host of other things besides. With a tough-minded chairman and some help from the petrol crisis, it recently joined the slim ranks of U.S. companies that earn over $100m a year.

But Greyhound's transformation was a painful process, and it is still paying the price for some ill-judged moves.

The diversification drive took root nearly 20 years ago, when the company was becoming increasingly disenchanted with the sprawling and tightly regulated bus business in the U.S., where every route and fare had to be approved by some official somewhere. So in 1963, it made some tentative moves into new fields: food and insurance.

However, the real transformation did not begin until 1966 when the board appointed a new chief executive—Gerald Trautman, a San Francisco lawyer who had been adviser to Greyhound. Stocky, silver-haired and gravel-voiced, Trautman brought a new determination and direction to Greyhound. Over the next decade he shook it up from top to bottom; he even uprooted it from its downtown Chicago home and relocated it in the hot open spaces of Arizona.

His strategy took Greyhound into institutional catering (it fed workers building the Alaska pipeline, for instance), financial services, and travel services, including airline ground handling, freight forwarding, duty free shops, car rentals, and conventions. In 1970 Greyhound made its biggest acquisition, Armour and Co., the U.S.'s second largest meat packer, in a move that was supposed to place Greyhound at the heart of the U.S. food business.

By the mid-1970s, buses accounted for less than half of Greyhound's profits. But at the same time, those profits began to stagnate, largely because the management had been more intent on expansion and diversification than on the efficiency of its operations. In 1971, profits were $70.5m, but by the next year they were down to $70.1m, and two years later to $58m. There was a recovery in the three years after that, but profits were back to $58m in 1978.

The biggest disappointment was Armour, a stodgy company that turned out to be content to measure its success in terms of the volume of meat it was churning out, without too much regard to marketing and product development.

In 1977, Trautman decided drastic action was needed, so he reorganised the company into six slimmer units: fresh meat, processed meat, poultry and dairy, consumer products (including Dial, one of the U.S.'s leading soap brands), handicrafts, and an international unit. Several unproductive and obsolete facilities were disposed of too. As a result, Armour's performance perked up last year.

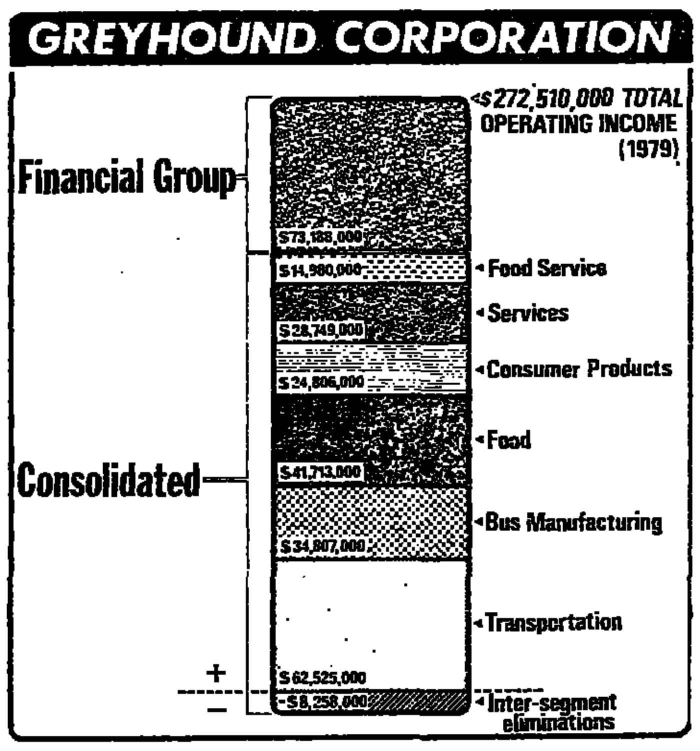
But Trautman still proclaims himself dissatisfied with the results, and he recently appointed himself chairman and chief executive officer of Armour with the task of generating earnings that are more in line with its asset base.

The aim is to get Armour out of the packing end of the meat market, (which is dominated by the trade unions) and concentrate on the processed meat business where the prospects are brighter. The Armour sales force is also a useful conduit to get more Greyhound consumer products into the supermarkets, shampoos, personal care products, needlework, rug-making kits, and other household items.

But if Armour has not so far been an undiluted success, Greyhound can take satisfaction from forays into other fields, notably financial services, where the net income has trebled in the past five years to just over $50m, making it Greyhound's largest single contributor to earnings, and its fastest-growing.

The group comprises a wide variety of businesses ranging from Travelers Express, a company which processes money orders, to equipment leasing, though Greyhound likes to think of it as a single unit whose generic job is to manage assets. Because of this, there is a lot of stress on developing new financial services which can draw on the expertise and equipment already in place.

GREYHOUND CORPORATION



One weak link last year was computer leasing, now a well-publicised trouble spot on the U.S. business scene since the recent near-collapse of Itel, the large San Francisco concern. Greyhound's earnings on this line of business fell last year, but Trautman is hopeful that it will recover. He says that he was lucky to obtain financing for the leasing activities at favourable terms at a time when the soaring prime rate took many businesses' borrowing costs up to 20 per cent or more earlier this year. Mortgage insurance has also been hit by the slump in the U.S. housing market; but business could pick up if the widely predicted housing recovery materialises.

All Greyhound's other businesses are profitable, though some are suffering more than others from the U.S. recession: the subsidiary that supplies food to motor manufacturing plants has been hit by the huge lay-offs ordered from Detroit.

Trautman takes a close, almost gruelling interest in Greyhound's now far-flung businesses, and his assault on Armour is typical of his management style. In the last two years he mounted a similar operation on the Greyhound bus subsidiary, which had begun to languish under uninspired management.

"The decline was partly my fault," he said. "I was reading glowing reports from management, but these didn't tie in with all the letters of complaint we were getting from passengers. I didn't realise how bad it had got until I looked into it."

So Trautman hired the services of 15 retired naval officers and their wives, and dispatched them to travel on Greyhound buses for a fortnight and report back. The results were disturbing: shoddy terminals, mechanical breakdowns, surly staff, delays.

So a sweeping upgrading effort was launched in August 1978. Terminals were given a facelift, maintenance procedures were tightened up, and a big effort made to improve staff morale. Trautman said the very fact that money was being spent on the bus business cheered the employees up: he also made a personal effort to improve things by meeting drivers and playing in their golf tournaments.

"I was reading letters of complaint for a year after that, and acting on them. Gradually they fell off," he noted.

The bus business's recovery might have been less dramatic had it not been for the 1979 fuel crisis. Soaring petrol prices drove people away from cars and on to public transport. Greyhound's passenger miles soared, and the whole operation got a welcome lift which drove earnings up last year by no less than 83 per cent to $39.5m.

Trautman is sensitive to suggestions, though, that Greyhound profited from the petrol crisis. In his annual report he says "What is significant is not that we benefited from the adversity of Americans, but that we were there to fill a desperate transportation need when it arose."

Ironically, the public transport boom may have taken some of the urgency out of Greyhound's need to get away from the bus business. Indeed, Trautman has adopted a high profile approach to both its economics and its politics, insisting that deregulation is essential to its long-term health.

He wants more freedom to set fares and choose routes, much along the lines of the recent liberation of the U.S. airline industry from regulatory control. No bill has been submitted to Congress yet, and there are numerous obstacles, notably concern that deregulation will cause bus companies to abandon small and isolated communities—the very ones that need a service.

Greyhound's main competitor, he says, is not the plane or even the train, but the car. The petrol crisis helped Greyhound break further into this market, and Trautman expects to extend these gains as petrol prices continue their inexorable rise.

Competition with other forms of mass transit is certainly less direct. The train is clearly a force to be reckoned with since its fares are federally subsidised. The U.S. passenger network, Amtrak, is meagre compared with Greyhound's, and the two only clash head on in a few markets, such as the East Coast "corridor."

Greyhound only competes with the airlines on short routes up to 300 miles where the lower fares of the bus offset the longer journey time.

The bus boom has helped another aspect of Greyhound's business: bus making. Greyhound is the largest inter-city bus manufacturer in the U.S., and its production capacity is working flat out to meet both its own needs and those of its competitors. Last year, the entire production of 1,400 buses was sold by January, before the year had really even started. Capacity is now being expanded to meet this surge in demand.

Trautman, who is 68 and due to retire in August, 1982, told his shareholders recently that, "I see good things for Greyhound in this new decade." Clearly his strategy has made Greyhound into a corporation better able to withstand the fluctuations of the economy: insurance is a steady earner, and it helps offset the ups and downs of Greyhound's cyclical businesses. Through a combination of luck and good judgment the transport and bus manufacturing divisions have landed firmly on their feet, and their prospects should improve further still if Washington gets round to deregulating bus transport. Trautman notes with some satisfaction: "We're so big. We're not afraid of deregulation."

LOMBARD

German hopes of $-Dm re-run

BY DAVID MARSH

BACK IN the spring of 1975 the West German Bundesbank put forward the hypothesis that the dollar inevitably weakens in a U.S. recession. The American trade balance, it said, tended to improve as a result of lower import demand. But this was normally outweighed by an even bigger deterioration in the capital account caused by the recession-induced drop in interest rates.

The Bundesbank's economists wrote those words after seeing the dollar drop sharply in the winter of 1974-75 as a direct consequence of a rapid reduction in U.S. interest rates.

Is history repeating itself? The sharp decline of U.S. interest rates during the crunch phase of the last recession (short-term Euro-dollar rates fell from over 13 per cent in mid-1974 to around 5 per cent by the following March) is similar to the precipitous drop that has taken place during the past 3½ months. And since the beginning of April, the dollar has fallen by around 12 per cent against the D-mark—closely matching its 13 per cent decline between September, 1974, and March, 1975.

For much of the recession year of 1975 the dollar was distinctly shaky, requiring at times large-scale central bank support — in spite of a turn-round in the U.S. current account to a surplus of some $12bn that year.

One important difference between 1975 and 1980 is that five years ago West Germany was running a current account surplus of around $4bn, this year it will be in deficit to the tune of about $14bn.

But all the evidence suggests that the Bundesbank's dictum still holds true. Because of the fundamentally firmer stance of Germany's monetary policies, the dollar looks likely to remain under pressure. This is in spite of the prospective strengthening of the U.S. current account.

The dollar is now down to around the same level against the D-mark that sparked off Mr. Paul Volcker's rescue package last October. There are two important reasons why it might decline further over the rest of the year—and why the Bundesbank might not be at all averse to seeing this happen. The first is the tremendous anti-inflationary effect of a strong D-mark, illustrated by the close link between the dollar rate and German import prices

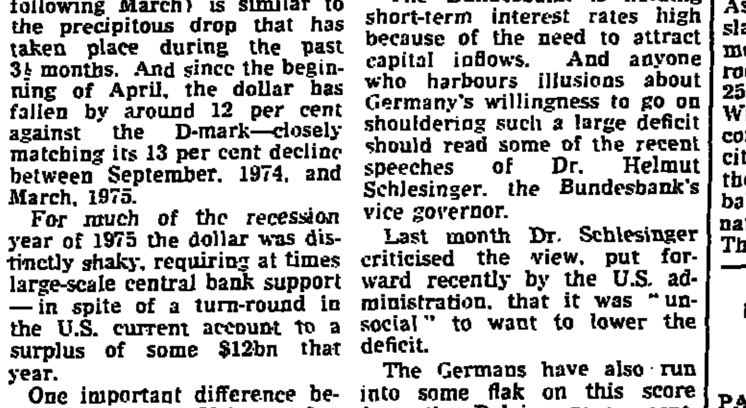
The second is the large-scale efforts on the monetary front that the Bundesbank is making to finance—and ultimately to reduce substantially—Germany's massive current account deficit.

The Bundesbank is holding short-term interest rates high because of the need to attract capital inflows. And anyone who harbours illusions about Germany's willingness to go on shouldering such a large deficit should read some of the recent speeches of Dr. Helmut Schlesinger, the Bundesbank's vice governor.

Last month Dr. Schlesinger criticised the view, put forward recently by the U.S. administration, that it was "unsocial" to want to lower the deficit.

The Germans have also run into some flak on this score from the Belgian government, expressed most recently at a Paris OECD meeting. The other EEC countries know full well that efforts to lower the German deficit could well hit them before they have an effect on the overall OPEC surplus — which is one reason for anticipating strains in coming months within the European Monetary System.

HOW A STRONG D-MARK HELPS REDUCE IMPORT PRICES



A fair on the world's wine calendar

BY GARETH GRIFFITHS

BRISTOLIANS ARE apt to remark that their city's wealth was founded on a base of cigarettes, drink and slaves. The drink tradition showed no signs of decline on Wednesday when the World Wine Fair opened at the Bristol Exhibition Centre, a collection of converted 19th-century warehouses strung along the banks of the Avon.

The 10-day fair is expected to attract 100,000 visitors, three-quarters of them from outside the West Country, especially from the Midlands and the Wirral. Bristol hoteliers estimate the event will bring about 3,000 overseas visitors to the city, including contingents from Australia, Latin America and North Africa. As well as tasting the wines free (the tastings are part of the entrance ticket) visitors enjoy the city's annual arts festival which coincides with the fair.

The World Wine Fair started in the city in 1978 at the instigation of the Bristol Hoteliers' Association, worried about the slack bookings in the summer months for their 1,620 hotel rooms. The hoteliers put up 25 per cent of the capital for Wine Fairs and Promotions, the company that runs the fair. The city council contributed a further 25 per cent, and the balance came from the International Publishing Corporation. This year the fair has cost £750,000 and will generate about £10m for the city.

At the outset the organisers were determined that the fair should be seen as an international event rather than as a local adjunct to the city's arts festival. Local publicity is restrained, and most of the advertising for the event goes into the national and international wine Press.

The 415 exhibitors, up a third this year, admit that their main aim is to meet and impress the 7,000 visitors who work in the wine trade. Wine companies see the wine clubs and the day trippers as good for public relations, but not crucial to the trade success of the fair. In order to try to bridge the gap between visitors and exhibitors, the organisers this year have put on a connoisseurs' day. More serious drinkers will have a chance to sample old and rare vintage madeiras and ports, champagnes, burgundies and Australian and Lebanese wines.

AROUND BRITAIN

BRISTOL

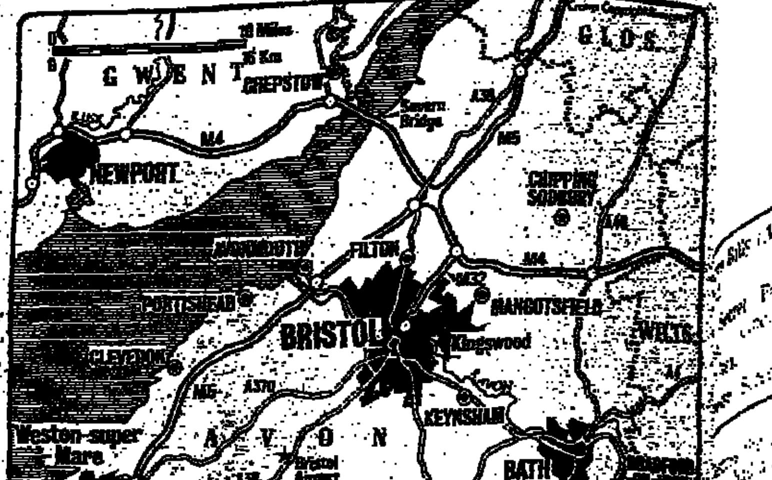
Mr. Ken Smith, the fair's full-time director, claims that it is now established as the most important event in the world wine calendar. He says that since Bristol is neutral ground for the world wine industry, that has helped establish its reputation overseas very quickly.

He cites the enormous efforts the French are putting into the fair this year as proof of his argument. In previous years French vintners cold-shouldered Bristol, but now the "Food and Wine from France" pavilion dominates one of the exhibition halls. A special French day was held yesterday to promote the country's wines, and two ships from the French Navy are currently paying a courtesy visit to the port of Bristol.

Cyprus, Italy and Spain are also staging national days at the fair. These will promote their national wines to the accompaniment of folk or musical events.

Mr. Smith, who joined the fair staff last year after 30 years with the Birmingham-based Industrial and Trade Fairs, believes the atmosphere of the exhibition site in the centre of Bristol's dockland is a major attraction. Although the centre is rather small at 70,000 square feet, Bristol City Council has spent £250,000 on renovation and hopes with the aid of private developers to turn the whole dockland area into an exhibition and leisure centre.

Hoteliers and the fair staff believe Bristol has proved to be successful as an exhibition centre first of all because of its good transport links. The Inter-City train journey between Paddington and Bristol Temple Mead station is only 90 minutes.



Also, the exhibition centre has the enthusiastic backing of the city council. Bristol's council officials have tried hard over the past three years to turn the city into a centre for small conferences. It aims to cater for medium-size companies, learned socities and regional groups: not the large-scale jamborees hosted by Blackpool, Brighton or Scarborough. This year Bristol will stage an estimated 750 conferences and the council spends £75,000 a year on promoting the city's conference and exhibition facilities.

The central booking scheme for hotels is operated by the council. Mr. Ray Muir, the city's director of entertainment and publicity, says that most conferences can be accommodated within 48 hours of an initial inquiry.

The greatest success of the conference policy so far is the 1982 convention of the International Society for Music Education. There will be 2,000 delegates and 3,000 participants, and Bristol will be able to use low-priced university accommodation.

However, the wine fair experience does indicate several serious weaknesses in Bristol's claim to be an important conference and exhibition centre. Back-up facilities are still inadequate and the city lacks a large-scale venue for conferences and exhibitions. The expansion of the exhibition centre is a long-term plan and there are at present no full-scale catering facilities. Several hoteliers have voiced concern that the Colston Hall, the city's biggest hall, does not have the capacity to provide meals for the 2,000 people it can seat.

Until these problems are tackled, there is a general feeling that Bristol may have the edge on the world's wine fairs, but its catering arrangements still leave much to be desired.

Testing Times for Piggott

RACING

BY DOMINIC WIGAN

PAUL COLE, for whom a highly creditable total of 19 of his 38 two-year-old runners were successful last year, undoubtedly has another smart juvenile in Testing Times. I shall be disappointed if this colt cannot open his account at Newbury today.

Testing Times, among the runners for the six furlongs Ecchinswell Maiden Stakes, nearly got off the mark at the first time of asking in the exalted company of Kirtling and Robellino in Royal Ascot's Chesham Stakes over this trip. The pick of the paddock there, the striking American-bred colt finished a close fourth after holding every chance until Greeness put paid to his prospects approaching the distance.

Although Piggott's mount has not quite fulfilled that promise in two subsequent outings, there was no disgrace in his third and most recent effort, at Bath on July 5. There, he again occupied fourth place when beaten less than two lengths by Lucaya after not getting the best of runs over the minimum trip, which is almost certainly too sharp for him.

The Lambourn colt can outstay Zelkova over today's stiff six furlongs with the cut in the ground. He may well need to produce his best. Piggott, who had a 40 per cent success rate on Cole runners last term, has other likely looking mounts, including those on the Michael Stoute-trained Karamita and on the Michael Jarvis representative, Sir Gordon.

The Aga Khan's Karamita probably found the one and a half miles of Wolverhampton's Pattingham Stakes too far when easily held by Alanood. Provided that Piggott can reserve her energies for a late thrust in the two furlongs shorter Ridgeway Stakes, this good looking filly can outpace Palmella, whose pilot, Greville Starkey, was aboard the selection in that Wolverhampton race.

Sir Gordon, Piggott's mount in the opening division of the Aldbourne Maiden Stakes, has yet to make the frame in three attempts.

NEWBURY
2.00—Sir Gordon*
2.30—Testing Times***
3.00—Karamita
3.30—Welcombe
4.00—Stats Emmar
4.30—Systems Analysis
5.00—Karelia

HAMILTON
3.15—Chief Admiral
3.45—Montazem**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 10.55 Golf: The Open. 1.30 pm Bod. 1.45 News. 2.15 Golf: The Open. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Buford Files and Dinky Dog. 5.10 We're Going Places. 5.35 Fred Basset.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.10 Centenary of the Royal Tournament.
8.10 Des O'Connor Tonight.
9.00 News.
9.25 The Royal International Horse Show.
10.45 I Didn't Know You Cared.
11.15 Regional, National News.
11.20 The Late Film: "Decline And Fall," starring Colin Blakely, Robert Harris, Leo McKern, Robin Phillips.

All Regions as BBC 1 except as follows:—

Cymru/Wales — 1.30-1.45 pm Bys A Bawd. 4.45-5.10 Bobol Bach. 5.55-6.20 Wales Today. 7.10 Heddiw. †7.30 Phil Silvers. 7.55-9.00 Arnhem '80: Olympic Games for the Disabled. 10.45 I Didn't Know You Cared. 11.15 News. 11.16 Centenary of the Royal Tournament.

Scotland—9.55 am Noah and Nelly. 10.00 Jackanory. 10.15 The Perils of Penelope Pitstop. 10.35-10.55 Take Hart. 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.45 The Beechgrove Garden. 11.15 News for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.45 Portrush Rock. 11.15 News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton): Spotlight South-West (Plymouth). 10.45-11.15 East (Norwich) Weekend; Midlands (Birmingham) Pastime; North (Leeds) Direct Line; North-East (Newcastle) Most Heroic; North-West (Manchester) Champion Brass; South (Southampton) Publish and Be Damned; South-West (Plymouth) Sharron; West (Bristol) World Wine Fair.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.20 pm Golf: The Open.
6.55 Dallas.
7.40 Cartoon Two.
7.55 Mid-evening News.
8.10 Gardeners' World.
8.35 The Woven Image: Henry Moore.
9.25 Vive La France: "Madame Ex."
10.45 Newsnight.
11.30 Golf: The Open.
†12.20 am The Outer Limits.

LONDON

9.30 am David Hand Cartoon. 9.40 An Asian Notebook. 10.05 To the Wild Country. †10.55 Hopalong Cassidy. 11.55 Beany and Cecil Cartoon. 12.00 The Learning Tree. 12.10 pm Once Upon a Time. 12.30 Home Made for the Home. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 Houseparty. 2.25 Friday Matinee: Chad Everett, Anjanette Comer in "The Firechasers." 4.15 Follow Me. 4.45 Runaround. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.30 Looks Familiar.
7.00 Winner Takes All.
7.30 How's Your Father?
8.00 Vegas.
9.00 Diary of the Cannes Film Festival 1980.
10.00 News.
10.30 Mary Hartman, Mary Hartman.
11.00 End of Part One.
11.30 Side Street.
12.30 am Close: Personal choice with Reginald Bosanquet.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Cartoon. 9.45 Spiderman. 10.10 The Light of Other Days. 11.00 The MacKenzie Affair. 11.55 Cartoon. 1.20 pm Anglia News. †2.25 Friday Film Matinee: "Seven Thunders." 5.15 Struck by Lightning. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.30 Seven Days. 11.00 Soap. †11.30 Friday Late Film: "Thunder On The Hill." 1.05 am Your Music at Night.

ATV

9.35 am Something Different. 9.50 The Master Builders. 10.20 Vikings of the Sunrise. 11.05 The Entertainers. 11.30 An Exceptional Child. 1.20 pm ATV Newsdesk. 2.25 Movie Matinee: "The Daring Game." 5.15 Laverne and Shirley. 6.00 ATV Today. 8.00 Hawaii Five-O. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.35 Movie Premiere: "The Glass House."

BORDER

9.30 am Catch '79. 10.00 World Worth Keeping. 10.25 Collecting With Curtis. 10.35 Clapperboard. 11.05 Chopper Squad. 11.50 Cartoon Time. 1.20 pm Border News. 2.25 Friday Matinee: "The Catcher." 5.15 Sam. 6.00 Lookaround Friday. 6.30 Superstar Profile: Liza Minnelli. 8.00 Hawaii Five-O. 10.30 Issue. 11.00 Late Film: "Terror In The Wax Museum." 12.35 am Border News.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where, and Weather. 2.25 The Friday Matinee: "The Land Raiders." 6.00 Report at Six. 6.35 The Game Fair. 8.00 Have Girls Will Travel. 10.28 Channel Late News. 10.36 Brown Study. 10.55 TV Movie Premiere. "The Movies Murderer." 12.35 am News and Weather in French followed by Weather.

GRAMPIAN

9.25 am First Thing. 9.30 Catch '79. 9.55 World Keeping. 10.00 World Worth Keeping. 10.25 Collecting With Curtis 10.35 Clapperboard. 11.00 Logan's Run. 1.20 pm North News. 2.25 Friday Matinee: "Daring Game" 6.00 North News. 6.10 The Lost Islands 6.30 Thingummyjig. 9.00 BJ and the Bear 10.30 The Master Builders. 11.00 Reflections 11.05 Friday Film: "Cover Girls." 12.25 am North Headlines, Road Report.

GRANADA

9.30 am The Adventure World of Sir Edmund Hillary 9.50 Tarzan. 10.35 Clapperboard. 11.00 Sesame Street. 1.20 pm Granada Reports. †2.25 Friday Matinee: "The Small Back Room." 5.15 Granada Reports. 6.00 Granada Reports. 6.30 This Is Your Right 6.35 Crossroads 8.00 Hawaii Five-O. 10.30 Hot Seat. 11.00 Soap. 11.30 The Continental. Faye Dunaway in "The Deadly Trap"

HTV

9.55 am Survival. 10.20 Animated Classics. 11.00 Sesame Street. 1.20 pm Report West Headlines. †2.25 The Friday Film Matinee: "The Farmer's Daughter" 5.15 Take My Wife. 6.00 Report West. 6.30 Emmerdale Farm. 8.00 Charlie's Angels. 10.35 Press Call. 11.05 Chopper Squad.

HTV Cymru/Wales—As HTV West and General Service except: 11.55 am-12.10 pm Cei Cocos. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Preview.

SCOTTISH

9.30 am Catch '79. 10.00 The Invisible Reef. 10.25 Collecting With Curtis. 10.40 Clapperboard. 11.05 Charlie's Angels. 11.55 Cartoon Time. 1.20 pm News and Road and Weather. 2.25 Friday Matinee: "Duel At Diablo." 5.15 Mork and Mindy. 6.00 Scotland Today, High Summer Extra 6.30 Emmerdale Farm. 8.00 Vegas. 10.30 Ways and Means 11.00 Late Call. 11.05 Late Night Movie: "Girl On A Motorcycle."

SOUTHERN

9.30 am The Wild, Wild World of Animals. 9.55 Chopper Squad. 10.35 Clapperboard. 11.05 Young Ramsay. 1.20 pm Southern News. †2.25 "Fanny By Gaslight." 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Tell Me Another. 8.00 The Streets of San Francisco. 10.35 Opinions Unlimited. 11.05 "The Buttercup Chain," starring Hywel Bennett.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 9.55 Chopper Squad. 10.35 Clapperboard. 11.05 Richard Pearse. 1.20 pm North-East News and Lookaround 2.25 Friday Matinee. "Great Catherine." 5.15 Struck by Lightning. 6.00 North-East News. 6.02 Happy Days. 6.25 Northern Life. 8.00 The Incredible Hulk. 10.32 Friday Film: "The Love Machine." 12.30 am Epilogue.

ULSTER

9.30 am Catch '79. 10.00 World Worth Keeping. 10.25 Collecting With Curtis. 10.35 Clapperboard 11.00 Sesame Street. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Anna and the King. 6.00 Ulster Television News and Sport 6.30 An Exceptional Child. 8.00 The Incredible Hulk. 10.30 Witness. 10.35 Friday Film: McCloud—"Who Killed Merri-Ann ?" 12.15 am Bedtime.

WESTWARD

9.30 am Catch '79. 10.00 A World Worth Keeping. 10.25 Between the Tides. 10.35 Clapperboard. 11.05 Cooking With Tovey. 11.15 The Beatles 11.40 Tennis With Mark Cox. 1.20 pm Westward News Headlines. 2.25 The Friday Matinee: "The Land Raiders." 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 8.00 Have Girls Will Travel. 10.36 Sportsline 10.55 TV Movie Premiere: "The Movie Murderer." 12.35 am Faith For Life. 12.40 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am World We Live In. 10.00 The Legend of Los Tayos 10.45 Spiderman. 11.05 Chopper Squad. 11.55 The Bubblies. 1.20 pm Calendar News. †2.25 Friday Film Matinee: "Fanny By Gaslight." 5.15 An Exceptional Child. 6.00 Calendar. 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 10.30 Soap 11.00 Appointment With Fear: "Taste The Blood Of Dracula."

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates 11.00 Mike Read. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles 4.31 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm Ray Moore (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.03 Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 The Grumbleweeds. 10.30 The Organist Entertains. 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Wilbye and Weelkes (S) 9.35 Julian Lloyd Webber recital (S). 10.10 The D'Alberts (S). 11.05 Young Romanian Soloists (S). 11.35 Affetti Amorosi (S). 12.10 pm North German Radio Symphony Orchestra Concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.55 Swedish Piano Music (S). 2.30 Bath Festival 1980 (S). 4.10 Choral Music for High Voices (S). 4.55 News 5.00 Mainly for Pleasure (S). 6.55 Play It Again. 7.00 Segovia. 7.15 One Pair of Ears. 7.30 First Night of the Proms (S). 8.35 The Great Prayer. 8.55 First Night of the Proms, part 2 (S). 10.00 Bayreuth After Cosima's Diaries. 10.25 Piano recital (S). 11.00 News. 11.05 Emanuel Adriaensen (S).

VHF only—Open University: 6.00-7.00 am and 6.20-7.00 pm; and for Scottish students only: 12.00-1.00 am.

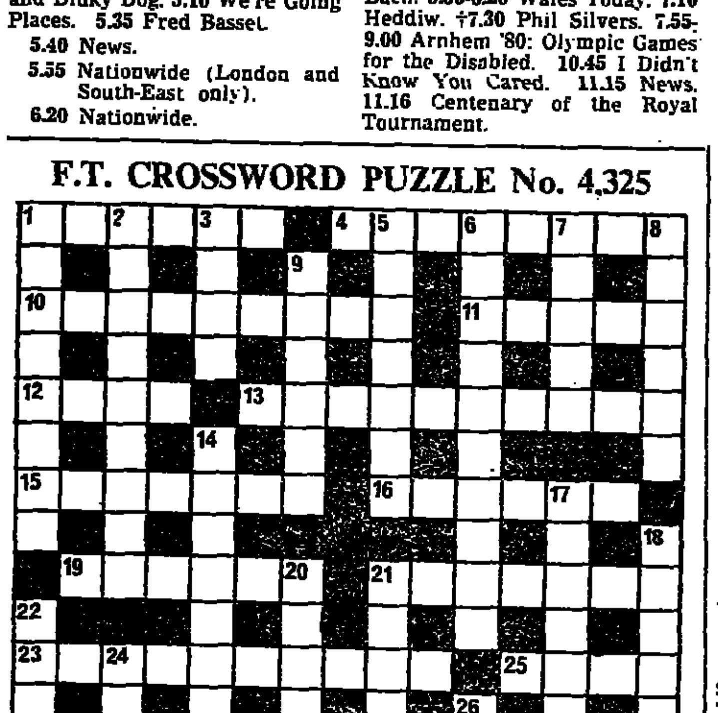
RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today in Detroit, including 6.45 Prayer for the Day: 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment 10.30 Daily Service (S). 10.45 Story Time 11.00 News. 11.05 The Discovery of the Pulsar 11.50 The Lighter Side of Life. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather; programme news 1.00 The World at One: News. 1.40 The Archers. 1.55 Shipping Forecast 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre: "Variation on the Snow Queen" by Valerie Windsor (S). 4.10 How Does Your Garden Grow? 4.40 Preview 4.45 Short Story. 5.00 PM: News magazine 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News 6.30 Going Places 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.35 Week Ending (S). 11.00 A Book at Bedtime 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Patrick Moore. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

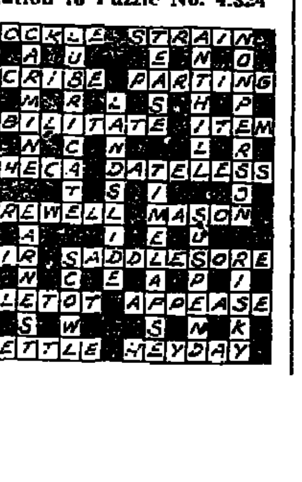
F.T. CROSSWORD PUZZLE No. 4,325



ACROSS
1 Odds on cat getting publicity (6)
4 Nationalised transport making confession to poet (8)
10 Turning up within one particular account (9)
11 Part of Ireland sounds cunning on leave (5)
12 Parliament abroad giving daughter trouble (4)
13 Nonsense joining part of old Ireland swindle (10)
15 Make subject Cockney layers wash (7)
16 Like a wise man to droop before cathedral (6)
19 Failing to change sides (6)
21 Mistake to flourish before the Queen (7)
23 No left wing rockers could stand for such domestic amenities (3, 3, 4)
25 Virginia left old Bob to back European (4)
27 Cuts off egghead within bounds (5)
28 Misfortune deemed unwise (3-6)
29 Almost bring spring to close (4-4)
30 Previous chap in charge of paper was stuck-up (6)

DOWN
1 Profundity of beauty (4-4)
2 Growing children that everybody is arguing about (4, 5)
3 Father is upset about (4)
5 Parts of airport taking the unwary far from smoothly south (7)
6 Laundry gets over fashion acquired with foreign capital (10)
7 Epic one laid aside (5)
8 Pull a face at light transmitter (6)
9 Illusion created during motorway storm (6)
14 Wrong pay packet can lead to death (5, 2, 3)
17 Beat unfortunate state of illumination by the way (9)
18 If it is given (8)
20 Taking another course in large-scale needle-work (7)
21 Second class to fish for personal ornament (6)
22 Green key permit (6)
24 Turnover in coats (5)
26 Bath a bit of brass (4)

Solution to Puzzle No. 4,324



ENTERTAINMENT GUIDE

هكذا من الأصل

Cinema

Eastwood wins out West

by NIGEL ANDREWS

Bronco Billy (A). Warner West End.

The Secret Policeman's Ball (A). Cinecenta, Classic Chelsea.

Maitresse. Screen on the Hill.

"Discuss the proposition that Cleopatra had a body like a roll-top desk and a mind like a duck."

Rowan Atkinson's unctuously despotic schoolmaster, an oleaginous climline Wackford Squeers, is one of the prize turns in *The Secret Policeman's Ball*, a star-packed Amnesty charity concert filmed by Roger Graef. You may have seen the abreviated version on TV at Christmas, or perhaps the whole 95 minutes at last year's London Film Festival. Either way familiarity with this blissful junket of British humour is possible, so let's as Marlene Dietrich said in a different context in *The Garden of Allah*, talk about that later. First something new, completely different and as fresheningly unexpected as rain from a cloudless sky: a light comedy from Clint Eastwood.

Bronco Billy is an enchanting slice of philosophic Western comedy, centring on a Wild West Show and capturing as Robert Altman's *Buffalo Bill* tried to do years back and failed —all the cornball bravura and hung-over frontier heroism that such institutions enshrine. Directing as well as starring, Eastwood has for once thawed out his Arctic autocracy of mien and dashed colour, warmth and comedy across this canvas of door-to-door showmanship, as Bronco Billy (that's Eastwood) and his travelling circus try to make ends meet and make-believe enchant out West.

Helping them is Sondra Locke, as a jilted heiress with champagne-blonde hair and a Noel Coward line in solemnly scatty one-liners. (She is signed up on the road and promptly becomes the spinning target in Eastwood's knife-throwing act.) Hindering them are ever-falling attendances and Miss Locke's truant bridegroom (Geoffrey Lewis), who is out—for reasons not unrelated to her fortune—to nobble the show.

Eastwood showed a talent in the last film he directed, *The Gauntlet*, for poking gentle fun at his *macho macho* screen image. Here, as a late-pretending Westerner trying to keep the lamp of legend burning long after the sunset of the frontier era, his stony face and sun-squeezed eyes have re-set themselves in a wryer, wider charm. It's a grudgeless, generous performance in a grudgeless, gorgeous film, and the comedy lilts along unforced and confident from the Proteanly crazy turns in the sawdust ring (a Red Indian who dances with snakes, Billy's own knife-throwing and *bareback-riding*) to the climactic comic imbroglio in and around a lunatic asylum.

The Wild West Show itself becomes a cowboy-myth crucible in which dreams are made flesh and mimicry of the Old West is transcended by real skills and real passions. For the first time Eastwood's portmanteau chauvinism — which shades from nationalism to male sexism to law-and-order conservatism—comes at us in *Bronco Billy*, without a hint of the thick-eared, but rather as a simple, spacious hymn in praise of loyalty to the things we love.

★

Peter Cook is there intoning his dreadful wisdom as E. L. Wisty; John Cleese and Michael Palin tussle painstakingly over a cheese shop's obligation to sell cheese; four Yorkshire-accented Monty-Pythoners recall, with ever more competitive hyperbole, their harsh childhoods ("I used to get up 10 minutes before I went to bed . . . eat a lump of frozen poison . . ."), Rowan Atkinson glowers in a schoolmaster's gown as he orotundly reads a roll-call ("Nibble, Orifice, Plectrum . . ."); and Eleanor Bron, Billy Connolly, Clive James, Peter Townshend and other *illuminati* of British entertainment chip in with parti-coloured party pieces.

The Secret Policeman's Ball is a get-together of geniuses that it would be hard to surpass and even harder not to enjoy. Amnesty International gave us a similarly lustrous and lunatic extravaganza some years ago; alike performed at Her Majesty's Theatre and alike filmed by Roger Graef. But this one, I think, is even better. Graef still has an over-fondness for cut-away reaction shots of the audience, and nothing dampens *laughter more than mandatory* glimpses of other people laughing. But then the stage shenanigans *pop back in an instant and* we're in clover. Surely nothing in the last revue equalled this *one's Guess-Your-Assailant* show, in which blindfolded audience-victim Mrs. Yeti *Goose-Creature (Terry Jones) is* variously set upon by Anna Ford, Melvyn Bragg, Mike Brearley *and others, while com*pere John Cleese clamours manically for a guess at their *identity*.

★

Barbet Schroeder's *Maitresse seems at times like an over*-extended sketch that has strayed from the above. When Gerard *Depardieu, that tousled and* ubiquitous French superstar, breaks into an unoccupied Paris *flat one day with his burglarious* pal, the last thing they expect to find is an arsenal of sado-masochistic gewgaws lining the walls and fellow French superstar Bulle Ogier—who's the tenant upstairs—swooping down through the ceiling on a retractable staircase in leather, cape and onerous make-up.

Sacré bleu! Mlle. Ogier is the "*maitresse*" of the title and she runs a one-woman masochist's bordello. She declines to press charges against her intruders, and Depardieu promptly invites her out to dinner. Romance begins, and then it's *Upstairs Downstairs* Paris-style, as domestic bliss between Depardieu and Ogier in the upper flat alternates with professional swoops into the *lower to cage, flagellate, impale* or otherwise gratify humiliation-hungry clients.

There is a worthwhile film—probably several—to be made about sado-masochism, but this isn't any of them. A monumental silliness alternates with a monumental solemnity, and Schroeder's raggedy hints about the *correspondance* between S-M as High Ritual and the quotidian master-slave undercurrent of all love-relationships—namely, the upstairs goings-on—don't add up to a cohesive theme, let alone a binding momentum.

Sometimes to giggle at a movie is an unwitting register of shock, and once or twice that truth surfaces in *Maitresse*: notably when a titter ripples through the audience at the grisly vignette in which a man's penis is nailed to a plank of wood. But at other times the giggling that *Maitresse* incites is a peal of incredulity at the film's grander idiocies.

The film is uncertificated, though plainly certifiable, and plays to club-only showings at the Screen on the Hill from this week.

Clint Eastwood and Sandra Locke in 'Bronco Billy'

Royal College of Music

Owen Wingrave

In effect, Wednesday's performance of Britten's penultimate opera by the Opera School of the Royal College was its British premiere. *Owen Wingrave was, of course, presented* first on television, to which medium it seemed incompletely *adapted, even unresponsive*; and then at Covent Garden, in whose spaces the drama seemed fitful, the sound world too often dry and unforthcoming, and much of the thematic material merely drab. Here, in *a small* theatre, the work is at last revealed. It is not an unflawed *opera (nor does Tom Hawkes'* resourceful production seek to mask those flaws); but on Wed*nesday it was shown as a power*ful, dramatic, and very interesting one.

The originality and strength of the work seem to me to reside much less in its treatment of a familiar Britten theme, the hounding of the innocent (in this case, the pacifist progeny of a venerable military family), than in its response to the "subtext" of that theme—a view of the family as stifling, vicious and finally murderous in its determination to suffocate change within its midst. The forces of suppression are more consistently energetic, and depicted in music of greater dramatic force, than the positive forces of the plot. Owen the young pacifist—and "index of compunction mixed with pertinacity" in the Henry James short story on which the work is based— seems not to have stretched Britten's musico-dramatic imagination sufficiently far. The kindly Coyles, too, exist somewhat as types rather than as fully-fledged characters.

But in every scene where the Wingraves round on the "renegade," spitting and scratching, turning the repeatedly uttered "Scruples!" into a family fanfare of hate led by the awesome Miss Wingrave and the formidable General Sir Philip, the steely tension of the music exactly matches its lack of surface allure. I felt something of this after the last Covent Garden revival, in 1974, but felt it much more strongly on Wednesday; and also felt, much more clearly, the kinship of *Owen Wingrave* with *Albert Herring*, another Britten opera in which by means of carefully varied and built vocal ensembles the sound of the pack is heard in full cry.

The College production is one to make converts—it should not be missed by anyone who may have suffered disappointments with the work in a previous encounter (there are further performances until tomorrow, with alternate casts). One could quibble with the un*willingness of Terence Emery's* front gauze curtain to open always with sufficient promptness (too much of the first Paramore scene is played behind it, unevenly lit): but for the economy, speed, and grasp of atmosphere of the designs there can be only praise. The usual difficulty of young performers in playing people of middle or old age has not been fully assisted by the make-up artists —Miss Wingrave looks little older than her nephew, and Mrs. Julian than her daughter. *On Owen, Kate, and Lechmere* the bloom of youth is pure gain, especially when it is added to with *characterisations* of naturalness and clarity.

The first cast is, indeed, an *ensemble of considerable accom*plishment, without serious flaw. I specially admired the bumptious vigour of Lechmere (Stuart Gardner) and the pure, easy soprano of Mrs. Coyle (Alma Sheehan, a most sympathetic actress). David Devan's Owen, with a soft-grained baritone not lacking in distinctness or declamatory energy, grew impressively after a slightly low-key start. Michael Lankester conducts the First Orchestra; the percussion tended on Wednesday to leap out too assertively, and words were sometimes drowned—the balance of the scoring obviously holds its own problems. But it was truly dramatic conducting: the opera moved without hitch or falter, *catching the audience in its* grasp more continuously and more determinedly than I had *believed possible*.

MAX LOPPERT

RNCM, Manchester

Organ competition

WHAT BEGAN as an organ festival and competition in Manchester two years ago is now restyled the "Manchester International Festival and Organ Competition," promoted by the City Council and with *sponsorship by Noilly Prat*. Various recitals and the Hallé Orchestra's annual Proms are *featured in the festival's pro*gramme-book, but this can hardly be expected to make the *general* music-lover any more likely to take to the organ and all its works.

Nevertheless, the organ at the Northern Royal College of Music, which is only one of several organs and buildings used in the festival, is an inviting instrument. Built by the Austrian firm of Hradetzky and designed by Geraint Jones (the artistic director of this festival), it not only "speaks" well, in an agreeable acoustic free *from ecclesiastical blur, but* places its player within view of the audience to an even bet*ter effect than the Festival Hall* in London.

Out of three players on Tuesday night, two were women—Patricia Snyder of Canada and Catherine Ennis of the UK. This was to have been a recital given by the first prizewinner of the competition, but the jury withheld a first prize and, out of 25 competitors nominated Thomas Trotter (UK) and Miss Snyder *as joint second* prizewinners and Miss Ennis third. The recital was shared between them. It was not a satisfactory affair, neither making an artistic whole nor displaying a full *range of each player's* powers. Miss Ennis was the star, with a fine delivery of Bach's "Great G Minor" Fantasia and Fugue and an alluring performance—*beautifully flowing* in its melody and ornamentation—of a "Tierce en taille" by Bach's French contemporary, de Grigny.

Miss Snyder did not find a suitable registration to make Messiaen's 'Dieu parmi nous" convincing and I cannot think that her playing of a Buxtehude toccata (puzzlingly omitted from the printed programme) represented her best in articulation. Mr. Trotter showed an enviable technique in a three-movement Symphony by the French organist-composer Marcel Dupré, but it was pseudo-orchestral music of little appeal. All these soloists, now in their mid-20s, deserve and will doubtless get a more attractive presentation.

ARTHUR JACOBS

Theatre in the Round, Scarborough

Absolutely Free

In his role of artistic director at this unpretentious and intimate little theatre, Alan Ayckbourn does more than try out his money-spinning comedies. (Aficionadoes insist, anyway, that the Scarborough *presentations are more suited* to the Ayckbourn experiments in interlocked plotting than are *the inflated metropolitan end*-stage versions). He also does much unsung work in encourag*ing new playrights of whom* Stephen Lavell (b. 1956) is the latest.

It is quite *possible for a Scar*borough protege to escape the territory from whose Ayckbourn no traveller returns. Young Stephen Lowe, with plays at the Nottingham Playhouse and *for Joint Stock*, is a case in point. The kindest one can be about Mr. Lavell is that, after *Absolutely Free*, he can only improve. His apprentice piece has the intellectual density of *Crossroads* and a similar concern with Life and Loves backstage of a self-contained world of commercial enterprise.

Mr. Lavell's little world is that of a small advertising agency. As a former copywriter himself he is anxious to show us how it all works. *But the writing* lacks the punch and grit of John Byrne's *Normal Service*, a realistic play *along similar lines. Max* Wintour is the self-made boss and he presides over a staff of *his wife, Candy, on the switch*board; a florid art director called Megs; and Derek, the *account executive*, who is hitting the bottle and losing his grip. We are initiated *in the struggle for accounts*, the mysteries of logo and art work, the fatuous sense of achieve*ment on composing* a jingle for draylon suites or type erasers. We learn the trade along with Karen, a pushy young girl who has thrown up her studies in Paris in order to do something that "combines creativity with business sense."

Wintour's biggest account is with "The Script," a national rag that is keen on the truth especially if it is sensational. It transpires that Karen's uncle works on "The Script," and her few weeks at Wintour's ensure a story that won't hurt the circulation. The play never clarifies whether or not Karen has marched in with treacherous intentions. Her affair with Max *may start off as a calculated* ploy, but she turns hurt and defensive when he keeps *Candy's pregnancy from her*. The character is insufficiently explained, and Tessa Peake-Jones's brand of wide-eyed innocence cannot repair the *deficiencies of the script*. Karen *eventually draws herself up in* haughty defiance of an order to produce vaguely dishonest *copy, an attitude about as* convincing or likely as Willie Young telling the Arsenal manager he will never again commit a "professional" foul.

The rest of Robin Herford's bitty production uses crossfade lighting in a surprisingly crude manner as the actors pick their way gingerly from office to office. Ronald Herdman does well by Max's bluff and aggression, but the evening's few laughs belong to Susan Uebel's well-timed delivery of Megs's bitchy asides. David Bamber, an actor seen to good effect at the Bush last year, has little opportunity as the drunk to consolidate his indubitable claim to a rosy future.

MICHAEL COVENEY

Elizabeth Hall

Sanskritik Festival

The 10th Sanskritik Festival of Indian Arts, under the direction of Birendra Shankar, continues happily on the South Bank all this week. As before, *solo dancers, singers and players* are rotated with a speed and *efficiency that I suspect to be rare in their home country*. On Wednesday night a great deal *was colourfully packed into two and a-half hours; if the effect* was of a marvellous range of hors d'oeuvres, that belongs to the *Festival's special charm* — though as always I missed any sustained instrumental explorations.

The dancers this year are an expert and winning crew. We had a pretty range of the Manipuri style, with a trio of ladies who proved to be virtuoso dance-drummers as well, and a vigorous male Bharatanatyam dancer: he and his consort *enacted South Indian Kuchipudi* dance-dramas with flashing grace. A much less sophisticated *Kuchipudi item, a little unison* duet for "priestesses," was no less exciting, darting energy running up from the ankles and issuing in quick flutters from the upraised hands.

We heard all too little of the Kheyal guest mezzo (as we should identify her) this time, *though the sturdy and sensitive* Gobindarajan was excellent in his vocal accompaniments to the *Kuchipudi numbers*. T. R. Moorthy's flute, by turns liquid and husky, presided over a trio *in which* the inventive young tabla player Subhash Nirwan vied with R. Kannan on mridangam—the long single drum—in breathtaking chains of syncopations. In the hands of Ramesh Mishra, the bowed sarangai revealed rich percussive and near-vocal powers of *expression, in* sympathetic partnership with Nirwan's tabla and Kamal Mallick's *dignified sarod. As usual*, one wanted hours of further acquaintance with the work of these artists: how much our classical tradition has lost by abandoning controlled improvisation!

DAVID MURRAY

Festival Hall

Kentner at 75 by ANDREW CLEMENTS

An old-fashioned feel to Wednesday evening's Festival Hall concert, the last of the season. The programme consisted of an overture, a concerto and a symphony—as programmes always used to—and the soloist in the concerto (the *Emperor*) was Louis Kentner, a familiar figure on the London concert platform a decade or more ago. The London Symphony Orchestra was conducted by Norman Del Mar.

The concert was a celebration: Mr. Kentner will be 75 on July 19. Difficult to choose a programme to represent the interests of a pianist whose repertoire has ranged so widely —he gave the first performance of Bartok's *second concerto, and* of Tippett's piano concerto—but Beethoven and Liszt have remained central to his recitals, and so made up this programme. Liszt was represented by the first *Mephisto Waltz*, serving as effective overture in its *orchestral* version, and the symphony was the Pastoral.

The LSO delivered their con*tribution in anonymous end-of*-term fashion, including some bizarre wind chordings, but naturally the focus of the evening was Mr. Kentner's playing of the concerto. The precision of years past has now gone—one must report that there were passages when the sense of the harmonic rhythm was all but lost—but only the *first movement suffered serious* damage. Now for Mr. Kentner playing the Emperor has become a grand tour of *enjoyment*; its beauties are to be sampled, and to be lingered upon should the fancy take him. But still the slow movement was launched with the most caressingly gentle tone (after the first Allegro had sounded *shallow* and unfocused) and the decoration cunningly held back to allow the woodwind *solos to unravel themselves*; the transition to the finale was most beautifully managed. The finale *itself* took surprising fire; Mr. Kentner was by now relaxed and thoroughly enjoying himself.

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The Moscow Olympics

RUSSIANS individually have a reputation as warm and generous hosts. This tradition, unfortunately, does not appear to have been transmitted to the Soviet state itself. Certainly if willingness to spend money is any indication the Soviet Union cannot be faulted for penny-pinching. It has spent around £1.3bn and five years of planning and effort in order to provide the most up-to-date facilities for the 1980 Olympic Games. As the build-up to the games progressed observers reported a genuine sense of popular enthusiasm about the prospect of playing host to the world.

Since then, however, the Soviet authorities seem to have done everything in their power to sour this mood. The turning point, of course, was the Soviet invasion of Afghanistan which obliterated the carefully nurtured propaganda image of Misha the Olympic bear and revealed the age-old grizzly beneath.

Ideology

Even before the invasion, however, the Soviet authorities showed their attitude towards the games by removing from circulation dissidents and anyone else who would mar the image of a modern, powerful and well-ordered society without blemish. In so doing they, wittingly or not, revealed the essence of their ideologically ordered system. Faced with a conflict between reality and ideology they have instinctively sought to change the reality to fit the theory.

The estimated 100,000 foreign visitors to the Olympic Games next week will not be visiting the Soviet Union as it is, but a carefully sanitized version, a Soviet Union which exists in the minds of the KGB men and propaganda specialists responsible for creating it.

The Soviet authorities are drafting in thousands of uniformed and secret police and have spent a small fortune on elaborate surveillance equipment—most of it imported from the West.

In theory this is designed to ensure the safety and protection of sportsmen and visitors and prevent any recurrence of the terrorist outrages which marred the Munich Olympics. This is implausible given the elaborate screening of visa applications and the hermetically sealed Soviet frontiers. The real purpose is to ensure the minimum of contact between visitors and ordinary Soviet citizens.

Certainly reporting or watching the games will be the primary objective of most if not all visitors and media people alike. But it is sad, as well as illuminating, that the Soviet authorities should try so determinedly to prevent wider contacts.

Distrust

It reveals a distrust bordering on paranoia, not only of foreigners but of the Soviet people themselves, by the Soviet authorities. This is not, unfortunately, anything new. The Russian tradition of despotic government pre-dates the 1917 revolution by centuries. What the present regime has done is to perfect the authoritarian system and re-inforce its totalitarian control through its monopoly of the mass media and the instruments of repression. In spite of all this, however, it has been unable to eliminate totally the external reality of "the global electronic village." Foreign radio broadcasts, mass tourism—even if largely one way and in organised groups—and sheer natural curiosity alike have all served to spread other ideas and other visions of the world and human society.

The security precautions are aimed at preventing Soviet citizens from the sort of direct contact with this outside world which the Soviet people, the authorities suspect, would dearly like. The fact that several governments have actively dissuaded their national teams from competing and their citizens from attending this year's Olympics actually simplifies the task of the KGB. But even if every team and every would-be visitor had attended, the same principle of separation from reality and real human contacts would have applied.

When the Games are over and the Olympic flame is extinguished the KGB will probably be able to congratulate itself on its success.

Hollow

But it will be a hollow victory. The world already knows about the efficiency of Soviet security. What it wants to know is more about Russians as human beings and the chance to let ordinary Russians know more about us, directly and not through many layers of filters. As it is the Olympics are upon us and will doubtless pass with prejudices and stereotypes intact, if not re-inforced. This may reassure the Soviet regime—it does nothing for the cause of greater international understanding.

The Post Office must deliver

IF SIR KEITH JOSEPH ever has occasion to carry out his threat to abolish entirely the monopoly privileges enjoyed by the Post Office in letter delivery, there is unlikely to be a long queue of entrepreneurs clamouring to take over the postal service. Thus his decision to introduce an element of competition into the delivery of urgent correspondence and bulk documents and to give himself reserve powers in the event of a further decline in the service, is no more than a modest step, which is unlikely to have much immediate and direct impact on the Post Office. However, the psychological effect of the Government's evident determination to shake up the Post Office by whatever means are available should not be underestimated.

It is arguable that a nationwide postal system is a natural monopoly, in the sense that its service can, in principle, be provided more cheaply and efficiently by one organisation than by a number of competitors. It is also a service which every modern society finds essential. On those two pillars of complacency the postal service's workers and management have built a seemingly unshakeable structure of inefficiency and restrictive practices.

The management's adherence to the principle that "the mail must get through at almost any cost," which was noted by the recent Monopolies Commission report on the London letter service, has compounded the unions' confidence that their services are indispensable to customers and taxpayers alike. Between them, these attitudes have obstructed almost all attempts to introduce rational working practices, or to benefit from technological change.

Vicious circle

The productivity failures, in turn, have made it impossible for the Post Office to provide a service of the standard its customers require at a reasonable price, while paying its employees well enough to attract them to what is in many ways a difficult and inconvenient job.

The real significance of this review lay not just in the worthy, but relatively paltry conclusions, which were predictable. In addition, the psychological blow of dealing with a Government which seemed to be prepared to go to previously unthinkable lengths to break the inertia in the postal service, appears to have engendered a new mood in both the management and the unions.

Intervention

The point that union leaders and managers seem to have taken to heart is that even if the idea of introducing competition into letter delivery proves to be little more than a damp squib, there will be other actions that the Government could take. It is natural for the present Cabinet to pin its hopes initially on some form of market solution to the problems of regulating the nationalised monopolies. But if, for reasons of unavoidable natural monopoly, a competitive approach to stimulating efficiency proves ineffective, there is every reason to expect that the Government will try forms of direct intervention which both unions and management would be even more loath to see.

The Monopolies Commission has already been given new and very broad powers to investigate the operations of nationalised industries at the Government's request. Judging from its report on the London letter service it is capable of making trenchant and embarrassing revelations about the conditions it finds. So far the Government has, rightly, given no indication that Ministers will take steps directly to ensure that the Commission's recommendations on detailed managerial decisions and matters such as working practices are put into effect. In principle it is far preferable that the Boards of nationalised industries should be given the maximum freedom to manage their corporations, provided they can fulfil the financial and performance targets that the Government lays down. However the presence in the background, of a Monopolies Commission with strong support from Ministers, could do a great deal to concentrate the mind.

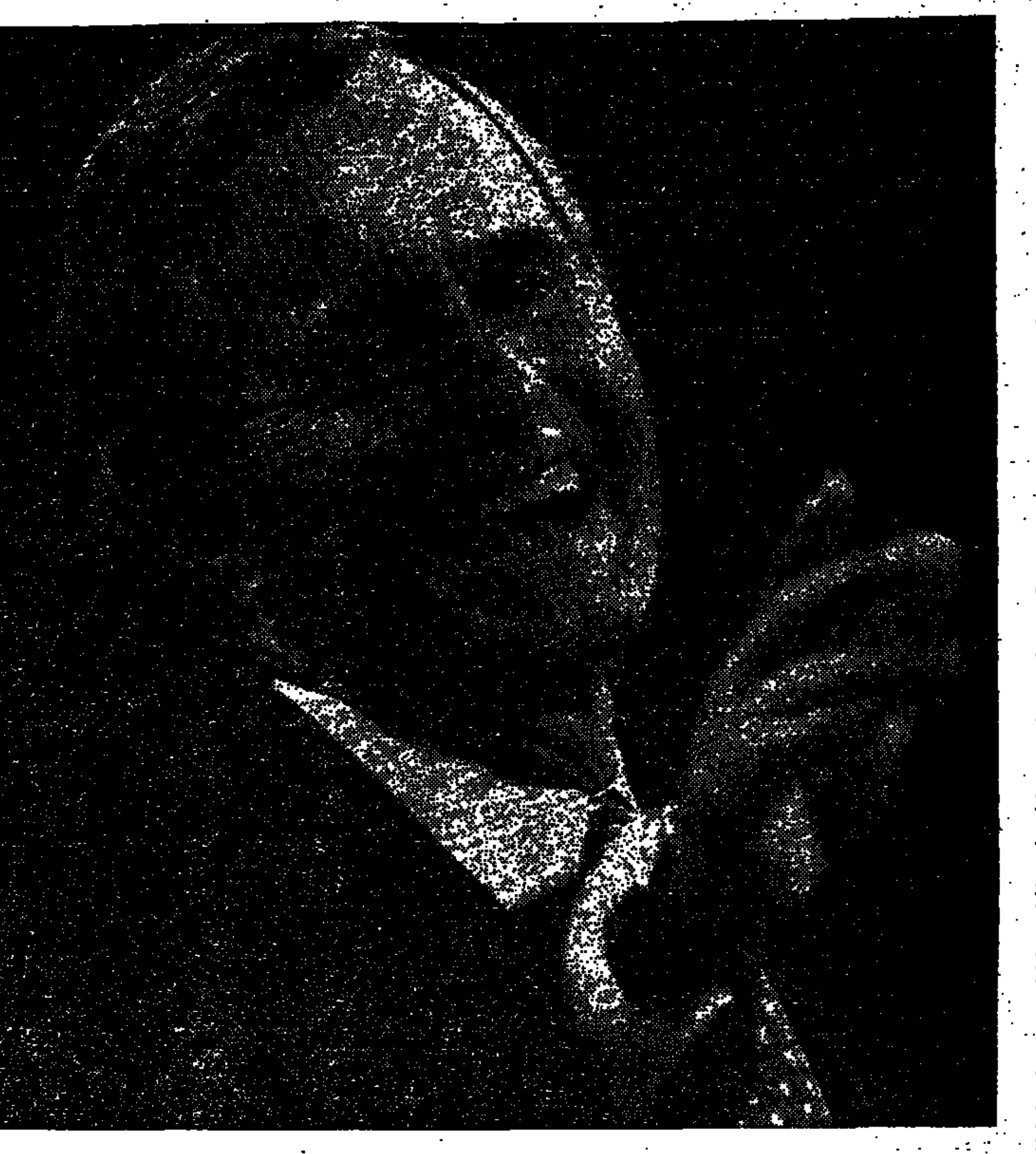
Reagan's running-mate: as approved by Ford

By JUREK MARTIN in Detroit

FOR George Herbert Walker Bush, there was one brief, heady moment six months ago when he could have been excused for thinking that he would never have to settle for being second choice for anything again. He had just beaten Ronald Reagan in the Iowa caucuses, the first real test of the election season, and seemed the perfect bionic Republican presidential candidate for the 1980s—not too old, not too conservative, not too liberal, possessing a skeleton-free closet and the handy asset of a base both in the old North-East and the new emerging South-West, not to mention a *curriculum vitae* that anybody would be proud to brandish.

The same credentials will be touted again in the four months to the presidential election, as he campaigns throughout the country as Ronald Reagan's running-mate. But a lot of water has flowed under the bridge since the Iowa caucuses, never more so than in the torrents that coursed through Detroit on Wednesday night as the Republican Party's presidential candidate tried and failed to get former President Gerald Ford to run with him before turning to his most enduring opponent in the primaries, with an offer that could not be refused. Yet the manner in which Mr. Bush landed the nomination that may take him to the proverbial heart's beat away from the presidency and the questions surrounding the way in which Mr. Reagan took his decision could make the prize less glittering than it might once have been.

It has been axiomatic ever since Ronald Reagan became assured of the Republican nomination that only one candidate, Gerald Ford, could really add strength to the party ticket in November. With anybody else, Mr. Reagan would in effect be running on his own and seeking, in his selection of a vice-presidential candidate, someone who would be the least drag. In the event, Mr. Ford's price for acceptance — essentially a measure of control over foreign policy — was more than Mr. Reagan could pay.



George Bush in Detroit on Wednesday: the acceptable face of conservatism?

Only one candidate could add strength to the party ticket

There was plenty of evidence before the Detroit Convention gathered that Mr. Reagan was not seriously considering offering the vice-presidency to the former President. Mr. Ford's disavowals of interest—repeated, seemingly unequivocally, as recently as Sunday—were so strong and his reservations about the social parts of the Republican platform so categorical that the prospect of accommodation appeared remote.

Yet, as the week unfolded, that hitherto mute element of the Republican Party, the traditional moderate hierarchy, exerted initially discreet and then overt pressure on both Mr. Reagan and Mr. Ford to forge the "dream ticket" that could guarantee a Republican White House next January. On Wednesday, Mr. Reagan listened and Mr. Ford wavered, while the ultra-Right and the thinner ranks of the liberal wing agreed that Mr. Ford would be the perfect choice, especially after he had laid into President Carter with so much vigour on Monday night. And though the deal could not be cut, Mr. Ford did exact a price for his commitment to move might and main for Mr. Reagan in the campaign—the nomination of George Bush.

But this does not mean that Mr. Bush has suddenly emerged as heir-apparent to control of the Republican Party, whether or not he takes over from an ageing Mr. Reagan prior to the end of his term of office. Earlier in the week, before the Ford balloon swelled with air, the "hard right" let it be known that George Bush was next to Senator Howard Baker, its least preferred candidate. It wanted somebody like Congressman Jack Kemp from New York standing in the wings ready to take the reins when the soon-to-be septuagenarian finally steps aside. To the likes of Senator Jesse Helms from North Carolina, Mr. Bush is a sheep in wolf's clothing, a man whose conservatism is the product of political expediency, not deep-seated conviction. He fails the conservative litmus tests on several counts—his support for women's rights and the freedom to have an abortion and for his past membership of the Trilateral Commission, the international think tank and pressure group comprising prominent Americans, Europeans and Japanese which the Right sees as the embodiment of the Eastern establishment's conspiracy to run the world.

Feeling betrayed by the last-minute switch to Mr. Bush after having been reconciled to the prospect of Mr. Ford the Right may yet register its protest at his selection on the floor of the Convention, a gathering on which, after all, the Right has put its indelible stamp. Broadening the base of the party to enhance its chances of success in November has never had an overwhelming appeal to ideological conservatives if it entails loss of purity.

On the other hand, so satisfied have Republican conservatives been this week that, at long last, Ronald Reagan has both his nomination and a good shot at the presidency that to withdraw support from their standard-bearer because of his choice of a running-mate may be unthinkable. But, if Mr. Reagan does win, then it is a fair bet that the Right will use its great clout in the years ahead to try to ensure that Mr. Bush does not inherit the mantle of party and national leadership.

Sometimes, Mr. Bush must ask himself why he is considered a suspect conservative. Throughout the long primary campaign, the policies and philosophies he advocated were, with only the odd, previously mentioned exceptions, indistinguishable from those of Mr. Reagan. If there were a difference between the two, it was more in style than substance. George Bush presented the acceptable face of conservatism, a man without the historical baggage of certified extremism, which possibly explains why he did relatively well in primaries in the more moderate northern industrial estates.

Yet the Bush past was the foundation of his presidential candidacy. Now 56 years old, he was born to a political family (his father was two-term U.S. senator from Connecticut), educated at the best Eastern private schools and as a decorated navy pilot in the last war (an old archives film actually records him being pulled out of his ditched aircraft in the Pacific). With $385 in his pocket he branched out into new territory by moving to Texas 30 years ago, turning that investment into a multi-million dollar oil drilling business.

In Texas, business and politics are indivisible. George Bush knew both success and failure in the state, twice winning a House seat in his Houston district in 1966 and 1968 and twice losing races for the Senate in 1964 and 1970, in spite of being heavily favoured. Yet electoral failure always seemed to improve the Bush fortunes. Thus, under the patronage of Presidents Nixon and Ford, he progressed to be Ambassador to the United Nations (1971-73), chairman of the Republican National Committee (1973-74), head of the U.S. Liaison Office in Peking (1974-75) and director of the Central Intelligence Agency (1976-77). In this inexorable process he was also disappointed more than once at being passed over for the vice-presidency—in 1973 after Mr. Agnew resigned, in 1974 when Mr. Ford took over from President Nixon and again in 1976, when Mr. Ford preferred Senator Dole.

In each post, Mr. Bush is reckoned to have acquitted himself adequately but without ever leaving much of a mark behind except possibly in the administrative reforms he instituted at the CIA. In the opinion of many political observers he remained the quintessential lightweight, a jack-of-all-trades but master of none, an able public servant lost without a patron.

The unravelling of his presidential effort in New Hampshire raised doubts about whether Mr. Bush had a hard centre. These were marked by his botched performance over the debate in Nashua where Mr. Reagan's burst of temper ("I paid for this microphone, Mr. Breen") remains the best single political sentence of 1980) turned the Reagan campaign around.

When Mr. Bush was in good spirits after the Iowa caucuses, his talk was all of momentum and other empty jewels of the political lexicon, but when he was down after New Hampshire, he suddenly began to expound on those great issues which, days before, he had assiduously declined to discuss.

But Mr. Bush endured where others did not, and, in the end, gained a measure of public admiration for his persistence. He was helped by the fact that throughout his career he has made few enemies; he is, by common consensus, a "nice guy," not given to malice, prone to enthusiasms. Republicans who worried about the Reagan finger on the button had fewer qualms about the urbane Mr. Bush, with all his familiarity with high places.

It was, indeed, ironic that he should have to give up his candidacy on the morning after his greatest single primary triumph in the state of Michigan, but he surrendered equably. "I see the world not as I wish it were, but as it is," he said then. Again on Wednesday night here, when he addressed the Convention before he would not be asked to take the No. 2 spot, he said gracefully: "Ronald Reagan is a winner: I should know about that from experience."

Yet, in the aftermath of the wonderful Wednesday night in Detroit, it seems that the Bush attributes — niceness, government experience, enthusiasm, youth, plus some, though not over-much, regional appeal in areas where Mr. Reagan is weak — are relatively insignificant compared with the consuming topic of whether or not Ronald Reagan mishandled the whole dramatic affair. Already the pundits, not to mention the Democrats, are beginning to mutter that if this is how he manages choosing a running-mate, then how on earth will he manage the U.S. Government?

In Mr. Reagan's defence, it can be argued that the overture to Mr. Ford was a unique gamble that had to be taken; that he has secured the former President's pledge to campaign unstintingly in the autumn and not to snipe away at the margins; that, in choosing Mr. Bush, he has fulfilled the traditional political requirement that the party be free from its Right-wing bondage and that, in any case, he has given the Convention probably its most popular compromise choice. Certainly, he has instilled life into an otherwise desultory occasion.

In his hour of triumph Mr. Reagan appeared as a supplicant

Against this, it has to be said that Mr. Ford's stature notwithstanding, it was the presidential nominee, in his hour of ultimate triumph, who appeared not so much the man in control as the supplicant. What he wanted he could not get and Mr. Bush will certainly be portrayed as a poor second-best. Mr. Reagan's decision-making process appeared hurried and flurried: if a deal was to be made with President Ford it should have been cemented before Detroit. Hastily turning up past midnight at the Convention Hall, without even Mr. Bush—still in his pyjamas—to accompany him, was the sort of haphazard, off-the-cuff performance normally associated with the free-wheeling Democratic Party. Above all, Mr. Reagan has given the Democrats another big target at which to aim.

Mr. Robert Strauss, President Carter's campaign maestro, could not disguise his puckish grin on television yesterday morning when he spoke, with mock sympathy, of "the mess" that Mr. Reagan had made of the selection process. Raising questions about his opponent's competence may be a dangerous two-edged sword for Mr. Carter to wield, since it is the President's perceived deficiency in this regard that Mr. Reagan wants to stress. But on this occasion, in Detroit, it was the Republican candidate for the presidency, not the President of the U.S., who appeared to be "beating about the bush."

MEN AND MATTERS

Salmon, jam roll —and eels

With only a dish of jellied eels signalling his departure, Colonel Nat Frieze, saviour and proprietor for 25 years of Sweetings fish restaurant, has put himself out to pasture on his Newmarket stud farm. Handing on the guardianship of this City institution to 46-year-old Graham Needham, the Colonel ("I am very old") tells me he thought it time a younger man with more expertise took over.

Several large restaurant groups, he says, have cast an acquisitive eye over his marble, brass and dark wood domain in Queen Victoria Street. "But I would never have sold to them. It is too individual."

A retired woolmonger, the Colonel started catering to the City's taste for prime fish, oysters, roly-poly puddings and black velvet in the 1950s when he discovered that his favourite luncheon haunt was in danger of closure. Since then he has fought off the developers and road-wideners and secured Sweetings' traditions to the obvious contentment of the pin-striped scrummagers who jam the place every lunchtime.

The extent to which the essence and style of the restaurant is coveted by its devotees was illustrated for me by an indignant reader who telephoned in some distress over the appearance of the aforementioned eels. "We have never had those before. It just makes me wonder what's going to happen to the old place," he complained.

Needham, however, formerly head chef at Scott's of Mayfair, is unrepentant. "Middle-cut eel is one of the finest fish in the world," he says, with as sound a claim to space on his counters as any of the more regal species on offer.

But apart from the appearance of the odd new treat on the menu, more of a showing for lobster and crab, and perhaps the reappearance of some forgotten favourites, the old order changeth not. The decor and the familiar staff remain, as does Margaret—a fixture at the cash register for 45 years.

"They discovered Ford wanted to be V.P. and chew gum at ... ... the same time"

Eurodevil

If you believe that monetary compensatory amounts on marmalade and food mountains are the worst excesses to be perpetrated by the Common Market, then brace yourself for a shock. Just in from the Bible belt of the U.S. is news that the Community is nurturing a satanic emissary in its bureaucratic bosom.

Baptists rummaging in the more obscure depths of the Bible claim that the "scarlet-coloured beast, full of names and blasphemy, having seven heads and 10 horns," whose arrival was prophesied in the Book of Revelation, is none other than our old friend the Common Market. Even worse, they say, the "anti-Christ" will emerge from it.

A certain sloppiness in the arithmetic does not daunt the prophets of doom. They ignore the seven heads and concentrate on the 10 horns which represent nations (Greece joins the nine next year). Says Virginian Baptist Pat Robertson, whose Christian Broadcasting Network spans the States: "We must conclude that there is a man alive today, approximately 27 years old, who is now being groomed to be the satanic messiah."

All change

While the world awaits action in Lonrho's sanctions-busting hassle with Shell and BP, the legal team representing "Tiny" Rowland's board continues to enjoy a game of musical chairs. The two QCs recently dropped, Charles Sparrow and Gavin Lightman, I can reveal, lost their places because they advised Lonrho not to pursue certain aspects of the affair. Into their seats slipped Jonathan Parker, QC and Robert Wright, QC.

They demanded and got a three week adjournment to bone up on the case, but when it reopened this week I could detect no sign of new man Wright. Instead, there was yet another new face in the ever-changing legal line-up: that of Alexander Irvine, QC. And he did little to endear himself to the oil companies with his first contribution, which was to ask for an adjournment until next Easter. Acrimonious exchanges ensued, and will doubtless continue this morning.

History maker

Happier news from a troubled corner of the insurance world. I hear that this morning Peter Bowring, chairman of C. T. Bowring, hopes to fill one of the many senior vacancies created by the wave of departures which followed the group's takeover by Marsh and McLennan of the U.S.

Lambert Coles, 58, has been with the Bowring group for 30 years, spending the past 20 years as an underwriter with syndicate 40. He is to be offered a posting to the chair of C. T. Bowring Underwriting Agencies to fill the gap created by the departure of Peter Stoddart.

Active in Lloyd's self-regulatory matters, Coles headed a working party whose travails yielded a basis for some of the Fisher proposals. It also drafted the controversial rule which limited ownership of Lloyd's brokers by outsiders to 20 per cent. This sparked the wrath of the Americans, blocked an earlier takeover approach by Marsh and McLennan for Wigham Poland, and led to pooling proposals being made by Bowring to Marsh, which ultimately progressed to takeover. The rest is history.

Pirate Pravda

While anyone can make fun of the Russian bear from a safe distance, there are few, I feel, willing to penetrate its cage and stamp on its toes. Yet the intrepid Vincenzo Sparagna, editor of the Italian satirical magazine *Il Male*, has done just that. He has printed 9,000 copies of a pirate version of Pravda — identical to the real thing in every respect except content — and is currently popping them through a clandestine letter box in the Iron Curtain.

The paper consists of four pages in cyrillic script, laid out in that unappetising fashion so well suited to the Soviet authorities' notions of "news," and informs the reader that since the entire Soviet leadership has been swept away in a bloodless coup, free elections will follow shortly.

'Out' patient

And then there was the shop steward who was so unpopular that when he went into hospital the only "get well" card he got came from the nurses.

Observer

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Trident . . . and inflation: battling on

CONTRARY to some suggestions, there is a good deal of public information available about Britain's strategic deterrent. Much of it has come from the International Institute for Strategic Studies, some of it filtered through Select Committees of the House of Commons.

The present Government has done more than any of its predecessors to add to the store both by the statement on the upgrading of nuclear warheads in the House last January and through the document which accompanied the decision to replace Polaris with Trident this week.

The basic problem is not lack of information, but how to make the best political judgment. The Government decided to move fast for a number of reasons. It wanted an agreement with the Americans

'An agreement was wanted before the U.S. election

before the U.S. elections; otherwise the negotiations might have had to have been reopened under a new Administration. Mr. Francis Pym, the Defence Secretary, also concluded that the decision had to be taken quickly in order to ensure that the replacement would be ready in time.

Lastly, the Government is sufficiently worried about the state of European defence in general and the robustness of some of the smaller members of NATO in particular to believe that the need for an independent British strategic deterrent will persist.

Trident was chosen largely because it is a proven system and offers the best bang for a buck. The document published on Tuesday is revealing about this. It makes absolutely plain that the weapons will be targeted on Soviet population centres and will threaten very considerable damage: the cities are actually described as "key aspects of Soviet state power," but there is no doubt what is meant.

Incidentally, the document also contains what must be a mistake when it says in paragraph 38 that "Western deterrent concepts do not envisage trying to catch Soviet missiles in their silos." Surely the American concept does include that. The distinction is between the American deterrent which covers both cities and military-industrial targets, and spans a range of options, and the British, which aims to deter by threatening population centres at once.)

Anyway, there can be little doubt that the Government has chosen a genuine strategic force. The doubts arise about the cost and how the deterrent fits into the alliance.

The European allies were not closely consulted and appear to have shown little interest in the decision, even though the cost of Trident could have an effect on the British contribution to other elements of defence. The deterrent, in effect, is meant to be more British than European, and some thought has been given by this Government at the level of Prime Minister to the sort of circumstances in which its use might have to be considered.

There may, however, be a second initiative in which the Government seeks a more rational deployment of European forces and in which the deterrent is presented as a British contribution to burden-sharing. Should the British, for example, continue to do so much in Continental Europe or should they do more about air defence and the Atlantic?

There is also the possibility of talks with the French on co-operation on tactical nuclear weapons. All that is still open, but more may be heard about it in the autumn. The Government put Trident first, but is now beginning to think about improvements in the alliance.

Howe's season of confidence

TIMES when the Chancellor of the Exchequer exudes confidence are relatively rare in the life of any government. There was a period in 1978 when Mr. Denis Healey could fairly claim to have brought down inflation byby courtesy of the IMF and to courtesy of the IMF and to have restored a degree of economic stability. But it did not last.

It is happening again now. Sir Geoffrey Howe, the present Chancellor, is confidence all over, and not only because of the cut in minimum lending rate and the distinct probability of another cut to come before the Parliamentary recess. Sir Geoffrey believes that he is winning the intellectual argument. After 15 months in office, at least some of the economic indicators are beginning to move in the right direction.

The argument goes like this. The Government initially underestimated the rate of monetary growth that was already in the system. It also underestimated, despite all its preparations in opposition, just how difficult it was first to cut, and then to control public expenditure. Lastly, it vastly overestimated people's willingness to accept voluntary pay restraint. It was the level of wage settlements which most alarmed the Government in its first year

Now, however, all these elements are coming under control. The money supply is more or less in hand. The rate of inflation is starting to come down and could drop quite sharply in the new year—much lower than the 16.5 per cent annual rate currently forecast for November. Interest rates have already begun to follow inflation down.

The central problems remain public expenditure and pay settlements. But even here progress is being made. Expenditure is now being monitored much more closely, while on pay the Government is acting by a mixture of exhortation and example—witness, for instance, the way it declined to accept in full the Boyle recommendations on top people's salaries. In any case, settlements are almost bound to

On pay the Government is acting by a mixture of exhortation and example

come down as inflationary expectations decrease and, one might add, as unemployment rises.

Besides, there has been a change in the intellectual climate. A few months ago left-wing economists and politicians tended to oppose monetarism outright as being unworkable. Now Sir Geoffrey can quote them as saying: "Of course, we always said that control of the money supply would have an effect on reducing inflation, but the question is 'at what cost?'"

In other words, the critics have shifted their ground. They have begun to admit that inflation will be curbed, at least temporarily, but they wonder about the price in terms of unemployment, bankruptcies and the future of manufacturing industry. Sir Geoffrey regards this as evidence that he has won the first part of the battle.

It is true that this claim is disputed by trades union leaders who argue that all that the Government is really offering is old-fashioned deflation. But we shall come to that in a moment. Sir Geoffrey would say that the Government is acting on the principles laid down in "The Right Approach to the Economy."

That was the document published in 1977, some of whose recommendations failed to find a place in the Party Manifesto at the General Election. Mrs. Thatcher in particular objected to the idea (a brainchild of Sir Geoffrey) that the National Economic and Development Council (Neddy) might be used as a formu "where the major participants in the economy can sit down calmly together to consider the implications—for prosperity as well as for unemployment and pay bargaining—of the Government's fiscal and monetary policies."

It was the suggestion of a pay "norm" or "target" that caused controversy in the Party. The document denounced the idea, but added: "Yet in framing its monetary and other policies the Government must come to some conclusinos about the likely scope for pay increases if excess public expenditure or large-scale unemployment is to be avoided; and this estimate cannot be concealed from the representatives of employers and unions whom it is consulting."

Sir Geoffrey would claim that, despite Mrs. Thatcher's original objections, Neddy is now being used as the forum where the Government's macro-economic policies are discussed. There is, however, one significant departure from "The Right Approach to the Economy." The Chancellor has moved on from any idea of there being a figure

People accept lower pay settlements at a time of rising unemployment

for pay settlements. It was the insistence on a set figure, he believes, that helped undermine the Callaghan-Healey incomes policy.

The idea now is that there should be a spread. Hence the Government's approach to the Boyle recommendations: it awarded some increases of 5 per cent, some of 9.6 per cent and some in double figures. That was meant to be an example of how settlements might be made in the private sector, according to the employer's ability to pay.

Of course, Neddy cannot be pushed too far, too fast. Sir Geoffrey believes that the process ought to have been started 20 years ago in order to be having its full effects today. But at least a start has been made even if the results are not very visible. The union leaders who attend, it is said, do at least listen to the Chancellor's arguments and take the point, for example, about the need for higher productivity.

There is another change, also suggested in "The Right Approach to the Economy," which has now been accomplished. Mr. Gordon Richardson, the Governor of the Bank of England, has become a participant in the Neddy meetings. He is said to be an effective performer. Again it is all part of the process of seeking to win the intellectual argument that the economy can only be expected to recover when inflation is under control.

The unions would dispute that whole description of the way that Neddy is working. They say that it survives largely because discussion of macro-economic questions is avoided; meanwhile it does valuable work on the micro level. They welcome the inclusion of Mr. Richardson, but mainly because it exposes him more to trades union arguments. They continue to believe that the Government's real economic policy is simply deflation and that it will be obliged to change tack when the level of unemploymnet becomes politically intolerable.

According to union participants in Neddy, the Government will then start to pump money into the economy and we shall be back to the old familiar pattern of rising inflation. In other words, nothing has changed in human nature. People accept lower wage settlements at a time of deflation and of rising unemployment, but they go for much higher settlements as soon as the Government gives the nod to expansion. In the meantime, a certain alliance is being formed between the unions and the Confederation of British Industry, not least against the strong pound.

That is a respectable view which has certainly not been disproven. The political pressures on the Government to change course as unemployment rises will be intense. But Sir Geoffrey's views have not been disproven either. The test will come when it is seen whether new jobs arise as inflation is brought under control.

One should not underestimate the Chancellor's strength. For the moment, his position in the Cabinet is unchallenged. He will almost certainly successfully resist party pressures for the abolition of the Clegg Commission on the grounds that some machinery must be kept available for the time when pay comparability may again become an issue. He will also resist any pressures for a weakening of the pound.

The argument here is on two grounds. The first is that the authorities should not intervene very much in the exchange markets because you cannot really argue against market forces. The second is that a

Political pressures to change course will be intense

strong pound brings discipline in its train, forcing employers to control their costs and to move up-market to higher value added goods.

It is no longer assumed that the pound will necessarily fall along with interest rates. On the contrary, it may stay up because the markets believe that the Government's policies are working. One suspects that Sir Geoffrey would prefer the latter. The reaction of the CBI, as well as the unions, may be different.

Malcolm Rutherford

Letters to the Editor

PAYE computer system order

From the Chairman, Honeywell.

Sir, —There has been much discussion in Westminster and Whitehall, and in the computer industry of late (reflected in more column inches and air-time than computer industry affairs customarily excite) about the manner in which the proposed PAYE computer system, reportedly to cost around £150m, should be acquired. Open-tender, or single-tender to ICL? That is the question, and it is one to which, as might be expected, the answers have come thick and fast, depending on the commercial interests or points of view involved.

The largely predictable course of this discussion has revealed one quite extraordinary assumption, namely that a decision to go open-tender would be the death-knell for ICL so far as this contract is concerned. I hope that ICL is not among those who make such an assumption, for nothing could more disqualify the company from any further consideration in this matter.

Yet if ICL does believe that it can win the contract on merit, is it not right — for the Government, the tax-payer, the computer industry in this country, and for ICL itself — that the company should be invited to demonstrate its ability to do just that?

There is another assumption implicit in the current discourse — more understandable but equally false—that if the PAYE contract is not awarded to ICL then Britain loses out. Such an assumption pays scant regard to the thousands of British men and women employed by the other computer manufacturing companies in this country (British-bred, if not British-born, companies) whose commitment and contribution to Britain in terms of investment, UK production, exports, employment, retained profits, and applied technology, bears comparison with ICL's own.

The British computer industry, if it is to mean anything, must surely mean British people. Or is it to mean just some preferred British people working for a preferred computer supplier?

Britain is one nation. Should it not also be one computer industry, applying information technology—whatever its source—for the good of the country?

L. R. Price.
Honeywell House.
Charles Square, Bracknell,
Berkshire.

Pippins are delicious

From the Vice-Chairman,
The Marketing Society

Sir,—One of the most negative marketing campaigns of recent months must be the constant free publicity afforded, in the Press and on the radio, by all sections of the British apple industry to their main foreign competitor.

The latest and apparently naive example was the announcement of an agreement to limit the distribution of that competitive product, an "agreement" which was immediately denied by the important multiple retailers.

Incidentally, not only does the industry give publicity to the main target of their annoyance but also to similarly described fruit from other countries. The British public must now be more aware of that description than ever before.

Surely the industry should now quietly concentrate on "putting their own farm in order," beginning with some serious market research to discover whether the consumer demand can be satisfied from home production. In the meantime, maybe the only marketing message should be "eat a British Orange Pippin a day when they are available"!

Ken Webb.
The Marketing Society,
35 South Park Road, SW19.

Rates of pay

From Mr. S. Mizel.

Sir, — Those involved in the comparability argument may be interested in these extracts from two advertisements appearing alongside each other in the current issue of a personnel digest. The first is for a post in local government, the second is for one in private enterprise.

"Personnel manager. Salary £11,746 to £12,581, plus allowances. Excellent working conditions include a nine-day fortnight, free life assurance, resettlement allowance of up to £750 and provision of housing accommodation. Trade union membership is a condition of service."

"Store personnel manager. Salary c.£5,500. The successful applicant will need to work under pressure and be prepared to give the sort of commitment which will inevitably mean longer-than-average working hours."

S. John Mizel.
12, Chepstow Place, W2.

Monetary policy and inflation

From Mr. Z. Res

Sir,—Samuel Brittan's Lombart column on public sector borrowing requirement (uly 17) neatly puts to rest the idea that good inflation accounting is helpful as a "good guide to fiscal and monetary policy." (As the on-going research programme at the Manchester Business School suggests, good inflation accounting is not a good guide to management accounting in the private sector either.) Taylor and Threadgold provide a backdoor justification for inflaionary finance: the ex-post inflation adusted budget deficit was very small in 1975 with an inflation rate of 25 per cent; pushed to the extreme, as Samuel Brittan points out, the German authorities were running an inflation-adjusted surplus in the hyper-inflation period of the 1920s.

The June Bank of England quarterly bulletin approximates the inflation-adjusted budget deficits by removing net debt interest payments on official debt. This carries the misleading connotation that debt interest payments are different in kind from other expenditure by the public sector. This is, however, not the case. If for example debt interest payments which are running at around £10bn per annum are financed through the banking system, the public sector would again be starting another round of inflation. If policy goes further and starts to monetise (i.e., convert into monetary liabilties) the public sector debt, inflation will go even higher and make the inflation-adjusted public sector debt even smaller.

Samuel Brittan provides a vague definition of the correct budget deficit as "that which can be financed without inflationary borrowing from the banks and without inordinately high interest rates." For example, in 1980-81, is it £5bn, £10bn or £15bn? If we take a figure of £15bn it is clearly too high. That this is the case can be shown by two examples, in which I assume that real output is constant and that market expectations do not have perfect foresight. At one extreme, suppose that the deficit is financed through the banking system. In this case the public-sector-contribution-to-domestic-credit-expansion will be £15bn. Domestic liquidity will expand rapidly, interest rates will fall and private sector credit demand will expand rapidly. The inflationary wave thus generated will lead to eventual collapse of the private sector demand for credit. To the extent that inflation is anticipated, interest rates will fall by less and the private sector squeeze will be that much quicker. This scenario is similar to the first half of the 1970s; in real terms the public sector deficit would eventually be shrinking. At the other extreme, suppose that the deficit is financed by gilt sales. In this case the public sector will not be contributing to inflation, but interest rates will have to remain high from the start. This policy scenario is probably preferable on inflation considerations, but financial crowding out of the private sector again occurs. Needless to say, the actual outcome will be between these two extreme examples.

The final point worth considering is the notion that the PSBR should fluctuate over the previous cycle and act as a built-in stabiliser. This would be a desirable policy objective if the economic cycle could be forecast reasonably accurately. But, the most notorious failing of econometric models and other sophisticated tools of forecasting is the inability to judge turning points of the cycle. Also, changes in tax structure, the social security system, partial indexation, minimum wage laws, etc., change the form of the built-in stabilisers. Under such conditions the contribution of a counter cyclical movement in the PSBR to real economic activity would be difficult if not impossible to measure. A less ambitious objective would be to go one step further on the medium-term financial plan and announce targets for the rate of increase in nominal expenditure of the public sector each financial year, coupled with a nominal PSBR objective.

Zannis Res,
12a, The Pryors, Hampstead.

Imperial longings

From Dr. F. Pearce

Sir,—Mr. Stephen J. Stewart wrote (July 16) to upbraid all who would metricate and advocated that we achieve single working by simply reverting to Imperial measurement.

But Mr. Stewart is vice-chairman of Greater London Council's Historic Buildings Committee. At first sight, this doesn't seem to be a quarter having much to do with modern needs or with the modern technology on which we all depend. I am probably doing Mr. Stewart a disservice: he is doubtless an experienced engineer or scientist who just thinks independently.

Mr. Stewart implies that metrication was imposed on us by the EEC. How much longer is this nonsense to be perpetuated? This country started on the metric road long ago, and attempted to move more quickly after 1965 for purely scientific and industrial reasons. EEC is not pressing us to metricate: recently it acquiesced in a UK back-off and we don't even have to consider changing some key measurements until 1989. It is probably uncharitable to suspect that some of our competitors are quite prepared to let the UK continue to generate unnecessary cost, if it wants to.

Mr. Stewart calls on the Minister to "bow to public opinion" and revert to Imperial. Quite apart from the fact that the Government itself recognises that we are too far along this road to turn back, to what public opinion is Mr. Stewart referring? The last formally conducted survey that I heard about in fact found that: "72 per cent of persons accepted that the metric system would make trade and business easier, and 84 per cent believed they would be able to cope."

It is a striking omission of Mr. Stewart's letter that he tacitly ignores that the rest of the world is now swinging fast to metic measurements. If one wants to trade, then metric is becoming the required language in which to do it.

I raise a question whether we should still be talking about metrication in such isolated terms. Have we not all grasped that this country needs to become more efficient? The attempt to work in two measurements was recently found, in the engineering industry alone, to be costing £1.1bn a year. What on earth must the total cost be? Metrication may be only one factor, but it is one that we can do something about.

Dr. F. Shambrook Pearce,
The University of Birmingham.
P.O. Box 363,
Birmingham.

Complete the metric drive

From the Chairman,
Archibald Kenrick and Sons

Sir,—It is pleasing to read (July 14) that the Confederation of British Industry and the Retail Consortium are urging a completion to the metrication programme. Only good can come of this. In our company, thousands of pounds are tied up in stocks of products that are required in Imperial at home and metric abroad. The chances of an expensive muddle are also considerable.

Whether you favour Imperial or metric (as exporters we favour the latter), to be in the middle of both has to be the worst of both worlds. Think of all the schoolchildren, currently being taught metric. The older ones are having to be taught Imperial now, so that they can enter industry! This is a ludicrous waste of time, money and effort, all of which could be better allocated.

Surely the Government can understand this. This is a certain case where a positive move to completion is needed, regardless of a minority by which any change will be resisted as a matter of course.

M. J. Kenrick.
Archibald Kenrick and Sons.
PO Box 9,
Union Street,
Kenrick Way,
West Bromwich,
West Midlands.

Today's Events

GENERAL

UK: Lord Thorneycroft, Conservative Party chairman, and Lord Carrington, Foreign Secretary, speak at Welsh Conservative Party annual conference, Swansea.

Mr. Michael Heseltine, Environment Secretary, addresses Royal Institute of British Architects' conference, Newcastle.

Mr. Patrick Jenkin, Social Services Secretary, speaks at Oxford.

Lord Soames, Lord President of the Council, speaks at Upper Thames Euro Constituency dinner, Abingdon.

Mr. Nigel Lawson, Treasury Financial Secretary, speaks at Debenham, Suffolk.

Mrs. Sally Oppenheim, Consumer Affairs Minister, speaks at Malvern.

Sir Peter Gadsden, Lord Mayor of London, attends presentation of the Queen's Award for Export to the Financial Times, Bracken House: attends opening of the London Posts exhibition, National Postal Museum; lunches with the chairman and council of the American Banks Association of London at Chase Manhattan Bank, Basinghall Street.

Overseas: Sr. Francisco Sa Carneiro, Portuguese Prime Minister, meets President Valery Giscard d'Estaing in Paris to discuss Common Market entry.

PARLIAMENTARY BUSINESS

House of Commons: Motion on the Appropriation (No. 2) (Northern Ireland) Order.

Select Committee: Defence. Subject: D-Notice system. Witnesses: Mr. Chapman Pincher; Mr. Jonathan Aitken, MP; The Guardian.

OFFICIAL STATISTICS

Retail prices index for June. Tax and price index (June).

COMPANY MEETINGS

Dorrington Investments, 16, Hans Road, SW, 11. Francis Parker, Avisford Park Hotel, Walburton, Arundel, West Sussex, 12. Northern Goldsmiths, The Royal Station Hotel, Neville Street, Newcastle-upon Tyne, 12.

COMPANY RESULTS

Final dividends: Black Arrow Group. Sheffield Refreshment Houses. **Interim dividends:** Dewhurst and Partner. Glasgow Stockholders Trust. Lloyds Bank. Robert H. Lowe, Romney Trust.

UK COMPANY NEWS

ONE-FOR-FIVE OFFER TO RAISE £34.4m

Lonrho soars midway: plans rights

IMPROVED OVERSEAS trading and increased contributions from mining interests have boosted first-half taxable profits of **Lonrho** from £29.4m to £51.9m, and the directors are planning to raise £34.4m through a *one-for-five rights issue.*

Lord Duncan-Sandys, *chairman* of the international mining, finance and trading concern, says that while the board considers it would be premature to forecast the *full year's results,* it believes the group is well placed with its wide spread of interests, which includes operations in over 40 countries.

Profits before tax for *the* last full year were £76.5m.

The proceeds of the proposed rights issue, under which 43,682,595 ordinary 25p shares *will be offered* at 80p each, will be used to reduce short-term indebtedness and to take advantage of opportunities for expansion. These will include oil-related activities, in particular participation in North Sea oil exploration and trading through *a subsidiary,* Princess Properties International.

The new shares will be offered on the basis of one for every five existing ordinary shares held, and 17.424 for every £100 *nominal of convertible stock* held.

Details of the issue will be posted to ordinary shareholders and convertible stockholders on July 23, 1980, and dealings in the new shares will begin on the London Stock Exchange the following day.

Undertakings to take up the new issue have been received in respect of all the directors' own beneficial holdings and certain of their other interests, amounting to 30,909,406 shares, or 14.2 per cent of the present issued capital. The balance of the issue is being underwritten by Mr. Tiny Rowland.

The new shares will rank pari passu in all respects except that they will not be entitled to the interim dividend now announced of 3p net (2.64p). The final dividend *for the current* year will at least match last year's 4.68p on the increased capital, say the directors.

Turnover in the six months to March 31, 1980, expanded from £726.6m to over £1bn, including associates' turnover of £188.5m (£147.1m). The pre-tax surplus includes associates' profits of £17m (£10.1m).

After tax £10m higher at £23.6m and *minorities'* profits of £8.8m (£2.6m), there is an attributable balance before extraordinary items of £19.5m (£13.2m).

Results of overseas operations have been translated at exchange rates applying on September 30, *1979; comparative figures have* been restated at the same rates, and also to reflect a change in accounting policy relating to depreciation.

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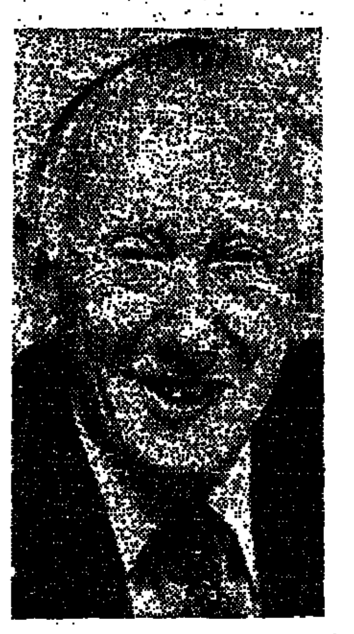
HIGHLIGHTS

Lex looks briefly at the full money supply *figures* for June before moving on to the half-time results from **Lonrho** which were *accompanied by the much-rumoured* rights issue. the group reported a strong rise in profits with good performances from mining and overseas trading. **Distillers** closed its books on year-end profits showing a rise from £180m to £194m thanks to a substantial second-half recovery. Pre-tax profits at **Great Universal Stores** have risen from £155m to nearly £173m. Lex examines the underlying trends and then comments on the **Courtaulds** chairman's *statement at the annual* meeting yesterday where shareholders were told that profits *so far* in the *current year are* well down on the comparable period. On the inside pages **Unigate's** figures come in for consideration, profits continue to rise but the picture is distorted by the disposal of the creameries.



Sir Anthony Burney, chairman of Debenhams

Distillers beats forecast to finish £13.8m higher

A STRONG second half recovery saw taxable profits of Distillers Company improve by £31m to £113.1m. This really left the result for the year to March 30, 1980 some £13.8m higher at £193.9m, and well ahead of the *mid-term forecast* that the full year would not differ significantly from last year.

In a trading review, the directors report the volume of Scotch whisky exported by the group was higher than in the previous year. *The early months* benefited from shipments delayed by the road haulage strike in January 1979, and performance in the last quarter was stimulated by *sales to replenish stocks* which had been heavily depleted during the autumn strike and by sales made ahead of export price increases.

	1979-80 £m	1978-79 £m
Turnover	1,010.1	940.2
Trading profit*	183.6	173.9
Invests. income	4.1	2.2
Financial charges	5.4	5.5
Share of assoc.	5.4	7.5
Surp. real. of inv.	7.6	2.4
Exchange diffs.	1.4	0.4
Profit before tax	193.9	180.1
Tax	49.0	56.5
Minorities	0.2	0.3
Extraord. credit	3.6	†3.3
Attributable	148.3	120.0
Interim dividend	10.9	10.9
Final dividend	28.1	24.5
Retained	109.3	84.6

* After depreciation £9.2m (£8.8m) and conversion differences on exchange £0.7m (£0.5m). † Debit.

On the other hand, home markets sales declined. Gin sales, however, made further progress both at *home* and *abroad.*

Food group profits were reduced due to a disappointing performance by Peerless Refining Company, but the carbon *dioxide company* achieved profits in line with those of last year.

For the 12 months, group turnover showed a £70m increase at £1.01bn. UK sales totalled *£256.9m (£238.8m), other* markets £445.1m (£387.6m) and duty £308.1m (£313.8m).

Pre-tax profits included investment income £4.1m (£2.2m), surplus on realisation of investments £7.6m (£2.4m) and share of associates £5.4m (£7.5m). They were after financial charges of £5.4m (£5.5m) and translation *differences on* exchange of £1.4m (£0.4m).

Earnings per 50p share are shown *to have risen* from 33.97p to 39.84p, and the total dividend is raised from 9.75p to 10.75p, with a final payment of 7.75p net.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allnatt London Props.	3.2	Sept. 5	2.73*	3.7	3.23*
Berisfords .....int.	1.2	—	1.2	—	3.8
Christie-Tyler	4.5	—	4.7	6.5	6.5
Distillers	7.75	Oct. 10	6.75	10.75	9.75
G. M. Firth	1.5	Oct. 1	1.5	3	3
Glass, Glover .....int.	0.5	Oct. 1	0.42	—	1.95
G.U.S.	7.13	Dec. 22	6.47	11.63	10.5
Haslemere Ests.	3.95	Oct. 2	3.37	5.2	4.47
Hollis Bros. & E.S.A.	Nil	—	3.82	1.4	5.12
Idris Hydraulic 1st int.	3	Sept. 15	3	—	14
Lonrho .....int.	3‡	Oct. 31	2.64	—§	7.32
Lookers .....int.	1.4	Sept. 30	1.4	—	3.85
Marling Inds.	0.47	Oct. 7	0.47*	0.89	0.83*
Nova (Jersey) Knit	2	—	1.5	3.5	2.5
David Scott Group ...int.	0.6	Oct. 3	0.54	—	2.04
South African Land int.	35¶	Aug. 26	20	—	40
Southvaal Holdings int.	170¶	Aug. 26	Nil	—	140
Syltone	7.2	Oct. 1	5.44	9	7
Trustees Corpn.	1.85	[illegible] 19	1.4*	2.75	2*
Unigate	3.7	Oct. 1	3.2	5.7	4.7
Vaal Reefs .....int.	620¶	Aug. 26	190	—	510
Wearwell	1.7	Nov. 17	0.8	2.5	1.1
Wellman Engineering	1.75	Sept. 11	1.41	3.35	2.68
Western Deep Levels int	400¶	Aug. 26	95	—	320

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing *for scrip issue.* † On capital increased by rights and/or acquisition issues. ‡ Plus special interim dividend of 1p already declared. § Maintained final forecast on capital increased by rights issue. ¶ South African cents throughout.

Pressure on Debenhams' margins

Turnover at Debenhams so far this year has been only marginally *short of the company's* expectations, but the group has been obliged to reduce prices and cut margins, Sir Anthony Burney, the retiring chairman, told the annual meeting.

Referring to the depression in the retail market, Sir Anthony told shareholders: "it is difficult at the moment to see how long *these conditions are likely to last* but I would be surprised to see things improve substantially before the middle of next year."

Following the meeting, Sir *Anthony was succeeded as chairman* by Mr. Robert Thornton.

United Electronic placing under rule 163

United Electronic Holdings, a distributor of electronic components, hi-fi accessories and video tapes, is being introduced to the market by way of a *placing of 2.6m 20p shares,* 27.7 per cent of those issued, at 57p a share.

Dealings under Stock Exchange rule 163 (2) are expected to begin next Tuesday.

Charterhouse Development Capital is selling 1,628,740 shares and the remaining 996,260 shares in the placing are being *issued by the company.* The £473,000 net proceeds will be used to expand the electronic components distribution business and to reduce borrowings.

Last February, as a preliminary step to the placing, Mr. Bennie Linden, chairman of United Electronics, sold 25 per cent of the then issued shares *for about £1m to a number of* institutional holders. Mr. Linden retains 19 per cent of the shares and the Charterhouse Group retains a 26.5 per cent stake.

The group's electronic components subsidiary, Intel, distributes mainly connectors, resistors and capacitors in professional markets and is said to be the seventh or eighth largest distributor in its field in the UK. Hi-Fi Care retails hi-fi audio accessories and video *films from nine shops in* London, eight in Tottenham Court Road.

United Electronics' pre-tax profit has grown from £141,000 *in the year* ended March 31, 1976, to £744,000 in 1979-80 and turnover has risen from £2.4m to £7.2m in the same period.

In 1979-80, Intel contributed *65.8 per cent of operating profit* while HiFi Care produced 34.2 per cent. Net tangible assets *at March 31, 1980,* adjusted for the placing proceeds, were 21.8p a share.

The current year has started well but sales of hi-fi audio accessories have been slightly lower. The directors do not make a specific profit forecast but anticipate another satisfactory year.

Dividends have been paid in the past two years and the company *intends to pay a net 1.57p* a share dividend in the current year.

The placing is being made by Charterhouse Japhet. Brokers to the issue are Grieveson, Grant and Co.

● comment

United Electronic has an impressive profits record and a solid base in supplying electronic connectors for military equipment and other passive electronic components for computing *and telecommunications* equipment manufacturers. This base is about to be usefully broadened to reach the research and development and repair and *maintenance markets.* The other third of the company is in the more volatile hi-fi accessories and video tape *retailing business,* concentrated in London's Tottenham Court Road. While operating margins in this business seem to be consistently high —*14.5 per cent last year—turnover* and profit growth has been erratic and will probably hold back the group's advance this year. Investors will thus appreciate the directors' assurance that the electronic components side will continue to have first call on resources. At the placing price, the shares yield a prospective 3.9 per cent on the indicated dividend and are rated at 13.9 times earnings based on *the £0.88m 1980-81* pre-taxed profit forecast by the brokers to the placing.

H & C rights 89% accepted

Acceptances have been received *in respect of 89.3 per cent of the* shares offered in a one-for-six rights issue by **Harrisons and Crosfield** at 620p a share.

The balance has been sold at *687.25p a share and the net* proceeds will be distributed to the provisional allottees. The rights *issue* raised £50.1m *for* the company.

At the company's annual meeting yesterday, Mr. Tom Prentice, chairman, emphasised the *benefits of the spread of the group's* activities, both geographically and by mainstream activity in the present industrial and trading climate.

He said *most divisions* at the end of May were ahead of last year and he expected that 1980 would be another satisfactory year, provided that there was no further marked deterioration in world economic conditions or other unforeseen circumstances.

Nova Knit up and confident

ALTHOUGH FLOODING at its South Wales premises caused an estimated £2.5m loss in turnover, pre-tax *profits of Nova* (Jersey) Knit, fabric manufacturer, rose in the year to March 31, 1980, from £415,000 to £518,000.

At halfway profits were up to £169,000 against £152,000.

The company says it was fully insured against the floods in January and December, 1979 *(loss of turnover last year was* £0.84m), and claims in respect of the year under review have been included in the accounts.

Group trading profit includes *£159,000* estimated *by directors* on a pro rata basis to be attributable to the loss in turnover. Substantial prevention works are being carried out *following the floods.*

A final dividend of 2p (1.5p) makes a total of 3.5p (2.5p) and earnings per 20p share are given as 16.22p (13.07p).

The company says shareholders' funds have increased from 65p to 78p per share, and although market conditions in the textile trade are depressed, it believes it is well placed to sustain the progress achieved in recent years.

Christie-Tyler falls £2.1m and sacks 250 as recession bites

A RECESSION in the furniture *industry has left pre-tax profits* of Christie-Tyler well down at £2.09m for the 53 weeks to April 30, 1980, compared with £4.2m for 53 weeks, and is leading the *group* to close four of its factories in South Wales.

The closures, which will mean about 250 redundancies, reflect particular difficulty at the *volume* end of the upholstery trade, states Mr. George Williams, chairman.

There has been no improvement in the first two months of the current year, he adds, and no general up-turn in trade is expected until the autumn of 1981 at the earliest.

The board does not anticipate any increase in the present depressed volume of trade nor any reduction in the extremely *competitive state of the industry* during this year. With current trading running at a loss, they add, it is impossible to expect anything but a poor first half, *but the reorganisation now being* implemented should lead to an improvement in the second half. The estimated net cost of the reorganisation, £500,000, will be *shown* as an *extraordinary item* in the interim figures.

First half profits in the year under review were up from £1.52m to £1.61m, but the directors warned then that the full year surplus would be well below that of 1978-79.

After 12 months' tax of £592,727 (£1.93m), the attributable surplus is £1.19m against £2.3m, giving per-share earnings of 12.4p (23.8p). The total dividend is maintained at 6.5p net with a lower final of 4.5p (4.7p). Turnover went ahead to £72.71m (£69.01m).

The *directors* say they have every confidence that, before long, demand will improve and the group will return to a satisfactory level of profit. In the *meantime it is maintaining its* share of the market and has retained a strong balance sheet.

● comment

After a slight gain at the interim stage, pre-tax profit of leading furniture manufacturer, Christie-Tyler, plunged 82 per cent in the second half to less than £0.5m. *Since then, trading has got much* worse, and it is doubtful the company will show a profit in the first half of the current year even before £0.5m in estimated *costs of shutting down four* factories and laying off 250 people. In May outside analysts were forecasting a drop in national furniture sales volume of 5 per cent this year but currently the decline is more like 10 per cent. With 90 per cent of its production in the upholstery end, C-T faces little import competition and hopes its internal cost cutting combined with a slight upturn in demand in the autumn will bring about profitable operations by September. *Working capital needs* have been forced up a bit by customer destocking but cash balances were up at the year-end and the already low level of debt was *reduced on schedule. Investors* may have been surprised that the final dividend was cut only 4.3 per cent resulting in a maintained rate for the year. At 52p *unchanged, the yield is a* tantalising 20 per cent, especially since the decision on whether to maintain the next interim dividend does not have to be taken until January.

Higher interest results in sharp drop at Hollis Bros.

A SHARP deterioration in *trading conditions in the UK,* plus greatly increased interest *charges, have resulted in* **Hollis Brothers and E.S.A.** reporting a severe downturn in pre tax profits for the year to March 31, 1980.

The figures show a drop from £1.36m to £329,126 after interest charges of £2.54m (£1.28m). Turnover was up from £49.21m to £56.84m. With no final dividend *being paid, the total is 1.4p* are down from 10.5p to 6.5p.

The board of this timber importing and plastic moulding group says substantial corrective action is currently in hand.

There was a tax credit this time of £262,907 against a charge *of £399,963, and attributable* profit came out at £366,504 (£920,469) after extraordinary debits of £225,529 (£39,376). Stated earnings per 25p share are down from 10.5p to 6.5p.

● comment

The contrast between the confidence expressed by **Hollis Bros. and ESA** at the interim stage—reflected by an increased halftime dividend—and the *actual trading experience of* the second six months could hardly be more marked. A precipitous fall in orders from local authorities in the final quarter dragged the group *into a pre-tax loss of* £172,000 during October-March. Business has apparently been recovering *since about mid-May* but Hollis is not sure whether the upturn can be sustained and the final distribution has been passed. The picture is not entirely bleak. *Trading profits for* the year grew by £200,000 and exports doubled to over £6m. One unhappy consequence of this export success was delayed payments by customers which *had swollen* debtors, and thus working capital requirements, at the balance sheet date. The group calculates that its effect was to reduce pre-interest profits by some *£260,000.* But it is the debt position that is the principal cause of concern. The last published balance sheet showed gearing of 87 per cent and *doubled debt servicing costs* provides an insight as to how much more onerous borrowings have become. The group now says that it has plans to reduce its cost *base and full details of this and* the shape of the balance sheet should be forthcoming with the accounts in about a fortnight. The shares fell 6p yesterday to *39p where the yield, for what it* is worth, is just over 5 per cent. Those tempted to buy for recovery should be aware that Hollis is taking a two-year view.

David Scott dips at midway

REPORTING pre-tax profits £8,000 lower at £214,000 in the first six months to March 31, 1980, Mr. Tony Harris, the *chairman of the* **David Scott Group** (formerly Wearra Group) footwear manufacturer and distributor, says the present economic upheavals are affecting the company and its customers. He believes it inevitable that these factors will adversely influence *the results for the rest of the* year.

Turnover advanced from £4.13m to £5.09m.

The pre-tax figure was struck *after interest charges* up from £37,000 to £68,000. Tax charged was up from £9,000 to £12,000.

The interim dividend is raised from 0.537p to 0.6p—last year's total was 2.037p from pre-tax profits of £548,000.

Marling finishes lower

A FALL from £1.31m to £1.01m in pre-tax profits is reported by Marling Industries, manufacturer of industrial textiles, for the year to March 31, 1980. Turn*over advanced from £17.54m* to £20.4m.

First half profits had been virtually unchanged at £615,000.

There was a tax charge of £479,000 (£660,000); of this deferred tax took £249,000 (£509,000), overseas tax £211,000 *(£182,000)* and the UK *£19,000* (credit £31,000).

After deducting extraordinary items of £182,000 (£56,000) and minorities of £5,000 (£3,000), stated *earnings per 10p share* are down from 4.25p to 3.43p.

The final dividend is effect*ively raised slightly* from 0.467p to 0.47p for a total of 0.89p (adjusted 0.83p).

A difficult quarter for Sketchley

Mr. Gerald Wightman, chairman of dry cleaning group Sketchley, told shareholders at yesterday's AGM that the first *quarter of the current year to* the end of June had been very difficult, particularly in retail dry cleaning where trading was below last year's levels.

He said the industrial division was up to expectations as was the textile division in what is *traditionally* its poorest quarter.

"Although we have a substantial volume of firm contracts in hand which, together with action commenced last year in anticipation of a *difficult* 1980-81, *give* us confidence for the longer term, there are few, if any, encouraging signs for the UK economy in the short-term," he added.

"So much depends upon the levels of unemployment, manufacturing activity and disposable income and therefore the outcome for the year, or indeed the *half year, cannot be forecast."*

SPAIN

July 17	Price %	+ or −
Banco Bilbao	224	−2
Banco Central	246	−2
Banco Exterior	210	
Banco Hispano	222	
Banco Ind. Cat.	117	−3
Banco Madrid	141	
Banco Santander	276	−3
Banco Urquijo	142	
Banco Vizcaya	236	
Banco Zaragoza	215	+2
Dragados	82	+2
Espanola Zinc	59	
Fecsa	59.7	−0.5
Gal. Preciados	24	
Hidrola	65	−0.7
Iberduero	61.7	
Petroleos	114	
Petroliber	85	
Sogefisa	107	
Telefonica	61	
Union Elect.	64.7	−0.3

UK side lifts Unigate over £50m

AN IMPROVED performance in the UK for Unigate more than offset a decline in overseas contributions and meant that the milk, meat, food, transport and engineering group increased pre-tax profits to £51.4m for the year to March 31, 1980, compared with £43.4m for the previous 53 weeks. Turnover climbed from £1.15bn to £1.34bn.

In the first 24 weeks, profits before tax had advanced from £15.1m to £18.3m.

Trading profits for the full period rose from £50.1m to £54.6m, struck before associates' contributions of £0.4m (£0.5m) and halved interest charges of £3.6m.

Profits were split between milk and milk products £42.1m (£38.7m); meat and meat products £5.8m (£6.3m) and transport, garages and others £6.7m (£5.1m), including £0.9m this time on the sale of properties.

Tax, with SSAP 15 applied, took £10.1m (£8.3m) — on a fully-deferred basis the charge would have been £24.6m (£18.7m). Basic earnings per 25p share improved from 17.29p to 19.55p and the dividend total is raised by 1p to 5.7p net with a final of 3.7p (3.2p).

Extraordinary credits of £18.7m (£0.3m) reflected the surplus of £30.8m, less tax of £12.1m, on the disposal of the group's creameries to the Milk Marketing Board. After minorities and preference dividends, profits attributable to ordinary holders were £24.4m higher at £59.4m.

In the UK, the group lifted trading profits from £42.4m to £48.9m, but there was a fall from £2.6m to £2.1m in the U.S. and from £2.2m to £1.8m in Australia ad New Zealand. Contributions from other countries fell back to £1.6m (£2.9m).

Mr. John Clement, the chairman, said he was unworried by U.S. economic prospects and he was looking for group expansion in this country. "I still think the U.S. are likely to recover faster than anyone else," he said.

The chairman was not despondent about the outlook in the UK although he added that the recession would be longer than most people felt.

Group capital spending last year increased to around £55m, but how much this would vary this year was uncertain. "In the current environment everything is being reappraised," said Mr. Clement, who was looking for returns of over 20 per cent before tax on new capital projects.

The chairman declined to give any indication regarding the group's continuing acquisition policy following the creameries sale.

He noted that Unigate's new £14m East London milk processing plant would be coming on stream shortly, as would a big increase in capacity atthe relatively small Gardenia factory in Los Angeles, which specialises in cheeses for products such as pizzas.

Mr. Clement said he was hoping for a quick Government decision on the application for a 1½p per pint milk price increase. This would be a "sensible" increase but "not a bonanza."

The group's product "Gold," which was launched at a market position between butter and margarine, had met with good consumer acceptance but had not so far been profitable. After losses running into six figures a year, it was now breaking-even.

● comment

Strength in the milk and milk products activities has kept Unigate moving ahead steadily, the rate of pre-tax advance easing only from 21 per cent in the first half to 17 per cent in the second six months. The balance within the group has, however, changed following the disposal of various creameries to the Milk Marketing Board last August, so that October-March has seen a standstill in trading profits but an elimination of the net interest charge. Moreover Unigate has been squeezed in its overseas operations, while the meat business has suffered a setback in the second half. This year quite a lot could depend on the 1½p a pint milk price rise due within a few weeks, while longer term strategic decisions are being considered over the redeployment of the MMB cash. At any rate, the net dividend is up more than a fifth — taking the yield at 132p to 6.3 per cent — and the comfortable current cost cover of 1.8 times gives the shares some attractions.

Syltone improves to £1.84m and pays 9p

SECOND-HALF taxable profits of Syltone increased from £0.72m to £1.02m giving the engineering, pipe system supply and wholesale electrical distribution group a higher figure of £1.84m for the year ended March 31, 1980, compared with £1.42m previously. Turnover for the full period rose by £3.41m to £18.06m.

In the first quarter of the current year, profits of all group companies have been affected by the general economic conditions in the UK. However, the board has been heartened by export orders, which are on target and showing the anticipated growth despite the strong pound.

Measures are being taken in each company within the group to contain the current situation, while retaining potential for expansion as soon as general economic conditions improve.

The dividend for the year is stepped up by 2p to 9p net per 25p share, with a final of 7.2p (5.4367p).

Interest charges for the period jumped from £83,000 to £181,000, while tax was up sharply to £702,000 against £383,000.

Haslemere Estates above forecast with £1.25m lift

A £1.25m RISE in pre-tax profits to £5.37m was achieved by Haslemere Estates, the property investment and development group, for the year ended March 31, 1980. This compares with a forecast of more than £4.5m made at the interim stage.

First-half taxable profits had grown from £1.82m to £2.41m, but with interest charges expected to increase, it was anticipated that the second-half result would be lower. In the event, profits for the latter period were £2.96m (£2.3m).

Net rental income for the year climbed from £9.1m to £10.84m. No account has been taken in pre-tax profits of capital items of £0.27m (£1.46m), which have been credited in full to capital reserve.

Earnings per 10p share are stated lower at 11.89p, against 13.25p, but the dividend total is raised from 4.47p to 5.2p net with a final of 3.95p.

The properties in the group's investment portfolio were valued at £173.23m at the year-end.

Properties in the course of development or held for development total £8.12m and represent property valued at £4.73m at April 1, 1979, and the balance at cost.

Stock held by trading subsidiaries at the year-end was £2.94m.

Berisfords dives to £0.1m

WITH pre-tax profits for the six months to May 16, 1980, plunging from £520,000 to £102,000, the chairman of Berisford's, Mr. John Sebire, says that the group has also been affected by the high level of borrowing and the abnormally severe rates of interest. Turnover was up from £4.77m to £5.26m.

Export sales of this manufacturer of ribbons, trimmings, labels, lampshades and embroidery, show a satisfactory increase in volume, but, due to the strength of sterling, the profit is reduced, and in some markets the company can only maintain a holding operation until margins improve, he states.

The company's capital expenditure programmes is practically complete and new products were just coming on to the market when the nationwide recession overtook it.

The chairman says savings in administrative costs have now been made and the internal structure overhauled and the Board is confident that when trading conditions improve throughout the country, the company will be in a healthier state to compete.

He adds that overhead costs are too high. Corrective action is being taken and as a result redundancies are being forced on the company, but the savings achieved have come too late to have any appreciable effect on the half-year's figures.

It is hoped to show an improvement in the second half, but this depends on some practical help being forthcoming from the Government to stimulate both production and sales. However, he says, the creeping paralysis which now threatens the whole textile industry in this country at present shows no sign of improvement.

After tax down from £31,000 to £21,000, stated earnings per 25p share are down from 12.1p to 2p. The interim dividend is unchanged at 1.2p—last year's total was 3.8p from pre-tax profits of £1.06m.

Wearwell earns and pays more

Taxable profits of clothing manufacturer and wholesaler Wearwell more than doubled in the 12 months to May 2, 1980, to £1.61m, compared with £750,195.

At midyear the directors reported a surplus up from £308,000 to £624,000 and said the second half had started encouragingly, with the rate of sales accelerating.

The continued increasing demand for the company's products has led to full order books and the board says it confidently looks forward to another record year in terms of turnover, profits, dividends and earnings per share.

Sales for 1979-80 rose by £1.99m to £10.03m.

The surplus was struck after depreciation of £123,365 (£89,373) and interest of £431,735 (£234,619).

Tax charged was £96,978, against a credit of £9,405, leaving earnings per 5p share of 8.1p (4.7p).

A final dividend of 1.7p (0.8p) makes the net total 2.5p (1.1p).

After an extraordinary credit of £7,912 (£3,064) profit retained increased from £592,370 to £1.03m.

● comment

A three-month strike at Turkish Airlines may have cost Wearwell up to £3m in lost sales and £500,000 in profits, but the group has still accelerated its growth rate over the second half. The higher margin is largely attributable to the transfer of about 50 per cent of its machining work to Cyprus, where labour costs are much lower. The depressed home market has scarcely affected the company, since foreign order books are bulging and accounted for 88 per cent of sales last year. Since foreign sales are invoiced in sterling, and mostly comprise long-term block orders, Wearwell is also insulated to a degree from the strength of sterling. A rights issue and a property revaluation have almost halved net gearing over the past year to about 36 per cent and the position will be improved further later in the year by a property sale, which could show a capital profit of about £7m. The market has been expecting a lot of Wearwell and yesterday's figures left the shares down 3p at 52p. At this level, however, they look secure on a multiple of 6.2 times reported earnings. The yield is a respectable 7.1 per cent.

Hill Samuel Australia up

Net profits of Hill Samuel Australia, wholly-owned subsidiary of Hill Samuel Group, rose sharply from A$1.59m to A$3.28m for the year ended March 31, 1980.

The UK-based group's interests include merchant banking, insurance and ship broking, life assurance and investment management.

Intl. Paint UK volume depressed

OVERSEAS companies of International Paint Company, a subsidiary of Courtaulds, had for the most part made a reasonable start to the current year, but in the UK, sales volume was down for the first quarter, members were told at the annual meeting.

Despite a wide geographical and market spread, which provided some protection against recessions in individual countries, the directors said that the group could not be immune against a general and significant reduction in world trade.

The situation in the UK, in particular, was serious, with many of the industries the company supplies to a greater or lesser extent in difficulty. Nor was there an immediate prospect of improvement, they added.

International was taking care to preserve its strong cash position, taking determined efforts to improve efficiency, and was looking out for opportunities for growth, it was stated.

While not making a forecast for the year, the directors remained optimistic and determined.

For the year ended March 31, 1980, pre-tax profits were £20.41m (£19.18m) on external sales of £239.5m (£217.3m).

Allnatt London over £5m

Taxable profits of Allnatt London Properties, industrial property group, rose from £4.35m to £5.19m in the year to March 31, 1980. At halfway the company reported profits of £2.33m, against £1.96m.

After tax of £2.46m (£2.05m) the balance is £2.73m (£2.3m). There was an extraordinary credit of £74,000 (£754,000).

A final dividend of 3.2p makes a total for the year of 3.7p (3.225p adjusted for scrip). Earnings per 25p share are given as 7.06p (5.85p).

£15m loss for Aveling Barford

With turnover down from £53.81m to £44.17m Aveling-Barford slumped further into the red during 1979 incurring a taxable loss of £15.79m compared with a loss of £7.87m the previous year.

The company, which manufactures equipment used in road-making, building and contracting and which is also a subsidiary of BL Ltd, recorded an attributable loss of £24.03m (£7.89m) after an extraordinary debt of £8.24m (nil).

Victoria Carpet marks time

DETERMINATION to restore the prosperity of Victoria Carpet Holdings and to expand the workforce as soon as the carpet market improves, is expressed by Mr. C. C. Taylor, chairman in his annual report.

"Sadly, we see little prospect of this becoming possible in the current year," Mr. Taylor states.

The group's policy is to minimise the damage caused by the recession in the UK so that full advantage can be taken when trade improves. Exports have increased against the industry trend and reflect efforts to maintain the close contact and service in the various overseas markets.

For the year ended March 29, 1980, pre-tax profits were well down from £700,381 to £114,187 on turnover of £15.36m against £15.01m.

Australia recorded an increased turnover but the improvement was cancelled out in sterling terms by the change in the exchange rates. A slight improvement in the next few months is expected from present low levels.

At June 20, 1980, Greenbrook Securities held 14.05 per cent of the group's ordinary shares and Hong Kong and Shainghai Bank Nominees (Jersey) held 13.8 per cent.

Meeting, Kidderminster, August 13, at 3 pm.

HUNTING ASSOC. OUTLOOK DIMS

In contrast to earlier expectations, Mr. L. C. Hunting, chairman of Hunting Associated Industries told the annual meeting that profit in 1980 was now unlikely to show an improvement on 1979.

Mr. Hunting had told shareholders in May that an improved result was expected this year but since then certain aspects of the group's activities were being adversely affected by the recession.

In addition the trading of the group's Channel Islands airline company had been disappointing, as a result of poor weather, increasing fuel costs and inadequate load factors on return flights to the islands.

Despite these setbacks, the chairman said he had full confidence in the future of the group.

Glass Glover ahead in first half

BETTER THAN expected first half trading has lifted taxable profits of Glass, Glover Group, food distributor and fruit and vegetable importer, to £211,279 in the six months to March 31, 1980, compared with £174,223.

While the same rate of growth is not expected to be maintained in the remainder of the year, the directors are confident of second half profits in excess of the £360,000 earned in the corresponding period in 1979 and an improvement on the last full-year's pre-tax surplus of £533,461.

Current turnover and gross profits continue to run ahead of last year's figures and this should enable the group to absorb the high interest rates and increased operational costs, they state.

Turnover in the first half expanded from £11.83m to £14.34m

Stated earnings, after tax of £112,500 (£93,100) are up from 1.4421p to 1.756p per 5p share and the interim dividend is increased from 0.4165p to 0.5p.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	21	5.90	1	9.50	—	—	F.305
ABN C	F.310	7	0.10	—	—	—	—	"
AKZ C	F.22.50	199	0.20	35	1.70	40	2	F.22.40
AKZ C	F.25	—	—	58	0.60	148	1	"
AKZ P	F.22.50	13	0.20	1	0.70	10	0.90	"
AKZ P	F.25	162	2.50	55	2.70	4	2.50	"
ARB C	F.60	2	6.40	—	—	—	—	F.66.50
ARB C	F.65	4	1.40	—	—	—	—	"
HEI C	F.55	—	—	1	5.80	—	—	F.59.90
HEI C	F.60	18	0.40	—	—	11	5.10	"
HEI P	F.60	10	0.50	—	—	5	4.50	"
HO C	F.20	—	—	2	0.30	—	—	F.16.80
IBM C	$65	—	—	15	3	—	—	$64¼
IBM C	$70	—	—	5	1	—	—	"
KLM C	F.60	42	3.40	1	5.50	—	—	F.63
KLM C	F.70	—	—	15	1.80	—	—	"
KLM C	F.80	—	—	10	0.70	—	—	"
KLM P	F.60	55	0.10	8	4	—	—	"
KLM P	F.70	122	6.50	—	—	—	—	"
KLM P	F.80	15	16.60	—	—	—	—	"
NAT C	F.100	2	15.30	—	—	—	—	F.115.20
NAT C	F.104.50	7	11.60	4	11.60	—	—	"
NAT C	F.109.10	4	5.80	13	7.60	—	—	"
NN C	F.110	6	4.50	13	7	1	7.70	"
NN C	F.120	—	—	46	2	39	3.10	"
PET C	Fr.5000	2	30	2	280	—	—	Fr.4955
PHI C	F.17.50	71	0.40	35	1.10	5	1.40	F.17.90
PHI C	F.20	—	—	36	0.20	20	0.50	"
PHI P	F.20	5	1.90	—	—	—	—	"
RD C	F.150	27	24	380	26	56	25	F.175.30
RD C	F.160	633	15.10	389	16	150	15.60	"
RD C	F.170	1731	5.20	620	6.20	237	8.50	"
RD P	F.150	—	—	96	0.90	125	2	"
RD P	F.160	—	—	257	2.50	12	4.50	"
RD P	F.170	75	0.10	23	7.80	5	9.50	"
UNI C	F.115	20	7	—	—	—	—	F.122.30
UNI C	F.120	12	2	33	4.90	54	6	"
UNI C	F.130	—	—	—	—	27	2.50	"
UNI P	F.115	—	—	20	1.10	—	—	"
UNI P	F.120	—	—	11	3.30	—	—	"
XON C	$60	1	9½	—	—	—	—	$69¾
		Aug.		Nov.		Feb.		
BA C	$35	4	4⅛	—	—	—	—	$39⅝
BAS C	DM.150	—	—	—	—	10	2.50	DM139

TOTAL VOLUME IN CONTRACTS 6394

C=Call P=Put

BANK RETURN

	Wednesday July 16 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
	£	£
Liabilities		
Capital	14 553 000	—
Public Deposits	32,252,052	+ 2,038,390
Special Deposits	456,355,000	+ 213,930,000
Bankers Deposits	351,225,494	— 110,855,369
Reserve & other Accounts	598,126,076	— 13,246,300
	1,462,511,622	+ 91,866,721
ASSETS		
Government Securities	936,842,064	+ 402,735,000
Advances & Other Accounts	215,458,234	— 113,152,072
Premises Equipment & Other Secs.	302,249,526	— 177,440,370
Notes	7,695,138	— 20,245,789
Coin	266,660	— 30,048
	1,462,511,622	+ 91,866,721
ISSUE DEPARTMENT		
	£	£
Liabilities		
Notes Issued	10,325,000,000	+ 75,000,000
In Circulation	10,317,304,862	+ 95245,789
In Banking Department	7,695,138	— 20,245,789
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,403,336,754	+ 176,366,692
Other Securities	1,910,648,146	— 101,366,692
	10,325,000,000	+ 75,000,000

Boots sales up 12.4% in quarter

WORLD SALES of the **Boots Company**, the Nottingham-based chemists, increased by 12.4 per cent in the first quarter, Sir Gordon Hobday, chairman, told the annual general meeting yesterday.

Counter sales at Boots the Chemists were particularly buoyant in the first two months, but slowed in June in comparison with the abnormally high level of the previous year preceding the higher rate of VAT. Overall the sales increase was about 18 per cent tax inclusive or 13 per cent tax exclusive.

The volume of dispensing was affected by the increased National Health Service prescription charges. The number of prescriptions dispensed fell, but since the average value was higher, dispensing income rose by 14 per cent.

In contrast to Boots, trading in Timothy Whites was more affected by the economic climate, and tax exclusive sales were slightly down on the first quarter last year.

Overseas retail sales, excluding tax, rose by 21 per cent on a sterling basis. For the retail division as a whole, tax exclusive sales of £258m showed an increase of 13 per cent and were almost exactly on budget.

Industrial division sales were up 9 per cent to £65m.

Pharmaceutical sales in the UK were 17 per cent ahead of last year and ahead of budget. "We have achieved this in spite of increased competition in the areas of the market where we are involved," said Sir Gordon.

"Our major products, Brufen, Froben and Prothiaden, are performing well as are our two new products in our range of sterile fluids for hospitals—New Steriflex and Flowfusor."

Pharmaceutical exports were running 5 per cent behind budget and also behind last year, partly because of increased competition against anti-inflammatories in Europe and partly because of the effect of changes in a long-term contract with the Upjohn Company for the sale of Ibuprofen.

Sales of consumer products showed an increase of about 12 per cent.

Sales of agrochemicals in the UK have been disappointing so far, largely due to adverse weather conditions, but exports have shown large increases.

Overseas subsidiaries together achieved a sales increase of 20 per cent in local currencies for the first six months of this year compared with the same period last year. The stronger pound, though, reduced this increase to about 15 per cent.

GUS goes further ahead with profit up at £173m

FOLLOWING the £10.18m rise to £76.5m at midway, the Great Universal Stores improved further in the second half and finished the year to March 31, 1980, with pre-tax profits, £17.39m higher at £172.75m.

Including VAT of £162.46m against £99.08m, external turnover went ahead from £1.44bn to £1.74bn. Current earnings per stock unit are stated as 38.63p, against 36.9p, and a final dividend of 7.125p lifts the year's total from 10.5p to 11.625p.

Commenting on the results, Mr. Harold Bowman, assistant managing director, said the contributions by the various divisions have been fairly good across the board. "Mail order, retail and furniture all did their bit."

Unaudited management figures for the first quarter of the current year showed that pre-tax profits are marginally lower than last year due to the artificially high level of sales and lower costs in 1979.

Profits in 1979-80 are after charging depreciation of £24.21m (£16.14m). Tax, including deferred tax, takes £76.64m (£63.54m) leaving net profits at £96.12m against £91.82m.

There are also extraordinary credits of £992,000 (£1.71m), and £68.12m against £67.34m, is retained. Provisions for unearned profit, service charges and collection costs at March 31 this year amounted to £137.16m (£112.78m).

Mr. Bowman says there had been a strong performance from the finance division. Mail order was at present holding its own and overseas results were satisfactory.

However, trade is difficult in UK retailing—including West End stores—and that applies also to the group's small manufacturing division, Mr. Bowman states.

A lot of the problems which had been experienced in trading had been due to the big increase in VAT and he notes that in the first quarter of last year, the early warning of 15 per cent VAT had caused a boom "so we are not comparing like with like."

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BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Dewhurst and Partner, Glasgow Stockholders Trust, Lloyds Bank, Robert M. Lowe, Romney Trust.

Finals—Allied Colloids, Black Arrow, Fairdale Textiles, Forminster, Illingworth Morris, Lynton, Sheffield Refreshment Houses, Trafford Carpets.

FUTURE DATES

Interims—

Bank Leumi (UK)	July 28
Commercial Union Assurance	Aug. 12
Jacobs (John I.)	July 24
Plastic Constructions	July 25
Vantage Securities	July 22

Finals—

Howard Shuttering	Aug. 11
Ingram (Harold)	July 25
McLeod Russel	July 23
Preedy (Alfred)	July 24
Somerville (William)	July 25

Wellman on target with £2m

SECOND-HALF pre-tax profits of the **Wellman Engineering Corporation**, thermal and mechanical engineer, designer and manufacturer, advanced from £692,000 to £1.47m and resulted in the group reaching its forecast of £2m for the full year to March 31, 1980, with figures of £2.02m compared with £1.03m. Turnover showed a substantial increase, moving ahead from £22.91m to £33.01m.

Stated earnings per 25p share are 9.66p against 5.58p, and the final dividend is raised from 1.41p to 1.75p for a net total of 3.35p (2.675p)—an increase of 25 per cent.

Mr. A. C. N. Hopkins, the chairman, says the balance sheet is healthy and at March 31 the only borrowing was the 10-year loan at 7¼ per cent used in the acquisition of Wellman Thermal Systems Corporation.

Since the year-end the group has been strengthened by the acquisition of Frank Wigglesworth and Co., whose power transmission products are largely complementary to those of the Wellman Bibby Company. He says the group is continuing to look for further such opportunities.

Group operating profit for the year was up from £783,000 to £2.1m. Interest charged was £112,000 (£209,000 credit) and the associate's profit share was £30,000 (£39,000). Tax took £927,000 (£403,000) and there was an extraordinary debit of £354,000 (£186,000).

Retained profits amounted to £357,000 (£141,000).

• comment

Any earlier fears that Wellman's defence forecast was in jeopardy as a result of the steel strike presumably evaporated at the beginning of this month when the NCB pension fund subscribed for the new tranche of equity issued to acquire Wigglesworth. In the event, Wellman just made the £2m pre-tax target despite cumulative strike costs of about £300,000. Wellman like so many others, has run into massive customer de-stocking since the turn of the financial year and schedules are completely haphazard. The Smethwick SGI foundry, for instance, recently went on to a four day week but the Stourbridge stainless steel foundry, by contrast, has recently returned to full working. The recession is biting no less deeply on the other side of the Atlantic and the group's hopes of demonstrating new coal gasification equipment, hampered previously by a strike at Caterpillar, has now been deferred by a three month closedown there. The evident shortage of work and the resultant margins squeeze has yet to affect the share price which gained 2½p yesterday to reach an annual high of 67p. A fully taxed p/e or 7.6 and a yield of 7.3 per cent are perhaps not asking for too much and the balance-sheet has absorbed the new dollar debt in some comfort. Wellman is now talking of a technical breakthrough in gasification plant using low cost fuels but the hoped-for benefits to the p&l will clearly take some time to come through.

ASSOCIATES DEAL

Rowe and Pitman, associates of **Rolls-Royce Motors Holdings**, have bought for a discretionary investment client 40,000 shares at 67½p.

Leigh Interests making good progress so far

Despite the effects of recession, profits to date of **Leigh Interests**, waste disposal and builders' merchant group, were well up on the equivalent period last year, shareholders were told yesterday.

Mrs. Joan Agar, chairman, told the annual general meeting that fears for the group's business had been justified, particularly in the West Midlands. Nevertheless, the company was succeeding in its firm intention to keep on growing, to develop its business and increase its geographical spread of activities.

The Safeway companies were being rapidly assimilated into the Leigh organisation and the Midlands operation had been merged into the Leigh group within the area.

The chemical treatment and recovery plant at Garrett's Green, Birmingham, was providing a valued addition to the group's range of services.

As already known, for the year to March 31, 1980, Leigh Interests made pre-tax profits of £1.1m on turnover of £21.2m.

Antofagasta profit slumps to £14,000

Despite a maintained turnover of £6.66m, against £6.56m, taxable profits of **Autofagasta (Chili) and Bolivia Railway Co.** slumped from £1.02m to £13,941 in the year to the end of December, 1979.

The directors warned a year ago that with big increases in operating costs, which would not be fully compensated by higher tariffs during the year, considerably lower profits would be incurred.

The company, which is controlled by Turismo e Inmobiliaria Bio-Bio SA, of Chile, paid tax of £22,591, against £542,555. There was an extraordinary debit of £19,820 (nil).

Loss per £1 stock unit is given as 1.23p (6.33p earnings).

The pre-tax surplus included dividends and interest received of £179,100 (£171,649). There was a loss in Chile after revaluation adjustments and tax of £174,657 (profit £356,230).

Preference dividends absorbed £70,000 (£105,000 for 18 months) and are now one year in arrears.

G. M. Firth earnings slip

In the second half of 1979-80, pre-tax profits of G. M. Firth (Metals) were marginally lower at £88,156, compared with £89,560 last time. This left the steel stockist and merchant showing a reduction from £183,560 to £177,156 for the year ended March 31, 1980, on turnover down £1.56m to £5.7m.

Yearly earnings per 10p share fell from 9.66p to 5.58p, but the dividend total is held at 3p net, with an unchanged final of 1.5p.

Tax charge was £28,231 against a credit of £74,263, and after reduced extraordinary credits of £66,832 (£176,889) attributable profits declined from £434,712 to £215,757.

ASTBURY AND MADELEY ISSUE

Acceptances have been received in respect of 95.15 per cent of the shares offered in a one-for-eight rights issue at 103p by *Astbury and Madeley (Holdings)*. The remainder sold for about 118p a share. The issue was to raise £614,000 for the company.

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FIH first quarter margins hit

SALES of Ferguson Industrial Holdings, the building, engineering supplies, giftware and printing group, increased from £18.58m to £20.08m in the first quarter to May 31, 1980, but pre-tax profits showed a sharp downturn from £801,000 to £412,000.

No division escaped the squeeze on profits, the directors say. But while it is unwise to predict the full year's results based on the first quarter, there are signs the group may have seen the worst of this year's trading, they add.

As the second quarter is affected by the holiday period, it would be unrealistic to expect much improvement before the autumn when a decline in interest rates would also help the group, says the Board.

The first quarter results are disappointing for several reasons. Destocking by customers, cutbacks in local authority spending, increased competition resulting in lower gross profit margins and continuing high interest rates have all played their part.

The first quarter also saw the implementation of a pay increase, the cost of which cannot immediately be passed on to customers.

First quarter profit is after interest of £384,000 (£244,000) and employees' profit sharing scheme, £57,000 (£118,000). Tax takes £165,000 (£240,000) leaving net profits at £247,000 against £561,000.

In the previous year ended February 29, 1980, the group achieved record pre-tax profits of £3.7m on sales of £80.47m. The annual report and accounts released yesterday, reveal CCA profits in 1979-80 are reduced to £2.15m after operating adjustments of £2.53m and gearing, £940,000.

In his review, Mr. D. S. Vernon, chairman, says the CCA reduction is mainly attributable to restating the cost of sales from historical cost to replacement cost at the date of sale.

"While we are turning over our stocks as quickly as before, increased rates of inflation over the last 12 months have meant a much larger adjustment," the chairman says.

Cost saving programmes have been organised in each division and some redundancies have been caused in the printing, engineering and giftware divisions.

Meeting, Appleby Castle, Cumbria, August 8 at 11.30 am.

Trustees Corporation dividend up

AGAINST THE forecast of not less than 1.4p, the directors of the Trustees Corporation are recommending a final dividend of 1.85p per 25p share for the year ended May 31, 1980, making a total of 2.75p against an equivalent 2p previously.

Gross income rose from £3.6m to £4.61m including non-recurring dividends of £341,989. Net revenue amounted to £2.69m against £1.86m after tax of £1.23m (£968,517).

Earnings per share are stated as 2.89p against an adjusted 2.06p and 2.72p excluding special dividends. Net asset value per share after deducting prior charges at par amounted to 75.9p (75.4p).

Nagoorin values lift Greenvale

BY STEPHEN THOMPSON

ANOTHER EXCITING day in Australian energy stocks was highlighted by the spectacular performances of Greenvale Mining and Esperance Minerals following the results of analyses of samples taken from the first drill hole on the Nagoorin oil-shale prospect in northern Queensland.

Greenvale and Esperance are joint venturers in the prospect together with Central Pacific Minerals and Southern Pacific Minerals. CPM and SPP are co-owners of the giant Rundle oil-shale deposits which are located around 80 kilometres from the Nagoorin prospect.

The first hole was drilled vertically and after passing through 20 metres of overburden intersected a continuous section of oil-shale and carbonaceous shale to a depth of 687 metres.

Analysis carried out on samples from two metre intervals taken from between 20 and 314 metres showed that this section averages 79.7 litres per tonne shale oil, using a 40 litre per tonne cut off at zero per cent moisture.

A continuous four metre section was below cut off grade while in situ moisture averages 27 per cent. The remainder of the core is being split for assay and checking at an independent laboratory will be made as soon as practicable.

A second hole, about two kilometres west of the first is currently being drilled.

The results of the analysis of the Greenvale/Esperance samples is the second piece of good news from the Nagoorin prospects this week. On Tuesday Mining Houses of Australia announced that it had encountered encouraging and significant intersections of oil-shale at Nagoorin.

The latest news prompted heavy buying of Greenvale and Esperance, on London and Australian markets yesterday. Greenvale surged 40p to 280p, a two-day gain of 80p while Esperance jumped 45p to 335p, up 85p over the past two days.

Prior to the initial discovery of oil shale at Nagoorin, announced on June 23, Greenvale were changing hands at around 60p and Esperance at 130p.

* * *

The Lockton East No. 1 well drilled in Yorkshire by a consortium with Taylor Woodrow as operator has been plugged and abandoned after reaching a depth of 6,228 feet. Six zones were tested.

The flow rate declined to 1.77m cubic feet of gas a day, and water production increased to 956 barrels a day at the end of the test. No other zones of commercial interest were encountered.

The drilling rig is now being moved to Malton where another well will be drilled. Two previous wells in Malton both tested gas, the first, drilled in 1967 by Home Oil and the second, in 1976 by Candecca Resources.

However, the consortium is sufficiently encouraged by the result of the Lockton East well to plan a further well in the Lockton area.

The consortium comprises Taylor Woodrow, 14.25 per cent, Candecca Resources, 49 per cent, RTZ Oil and Gas, 14.25 per cent, Haoma North West Oil and Gas (UK), 13 per cent and James Finlay and Co., 9.5 per cent.

BIDS AND DEALS

Trafalgar House sells offshoot for £7m

Trafalgar House has sold Offshore Marine, which operates 24 supply vessels around the world, to the UK subsidiary of Texas-based Zapata Corporation for £7m cash, with the buyer also taking over borrowings of some £14m.

Zapata currently has 51 vessels, five in the North Sea, and the purchase will raise the total to 75. The sale is conditional on no reference being made to the Monopolies Commission.

Trafalgar said the deal would leave its Cunard subsidiary free to concentrate chiefly on passenger ships, container services, oil product carriers, and other cargo vessels.

Zapata, which has bought Offshore Marine through Zapata Off-shore Services in Britain, is also involved in offshore drilling, oil and gas operations, shipping, coal mining, commercial fishing and processing construction and dredging.

It was Zapata which made the approach to Trafalgar, which would not otherwise have made any moves to sell Offshore Marine. This happened around two months ago, according to Cunard.

Over the past two years, however, the UK group has been looking hard at the supply vessel business in view of the depressed level of rates.

Zapata has been operating in the UK since the mid-1960s and the purchase will represent a significant expansion of its North Sea business.

GROVEBELL/ BOND STREET

GROVEBELL says that apart from its 28.9 per cent holding in Bond Street Fabrics the only other support for its moves to secure the appointment of additional directors to the Bond Street Board consists of proxy cards received since next week's extra-ordinary general meeting was requisitioned. The company says that it has no standing support from any other source.

Sotheby Parke directors sell shares

Nine directors of Sotheby Parke Bernet Group, the fine are auctioneer, have sold portions of their beneficial holdings in the company.

The Earl of Westmorland has disposed of 20,000, leaving his holding at 150,000; Mr. G. D. Llewellyn 38,000 leaving 52,000; Mr. J. L. Marion 50,000 leaving 240,000; Mr. P. C. Wilson 250,000 leaving 400,000; Mr. P. M. H. Pollen 175,000 leaving 609,104; Mr. P. J. R. Spira 5,000 leaving 17,500; Mr. D. J. Nash 7,000 leaving 185,000; Mr. F. H. Scholts 20,000 leaving 10,000 and Mr. R. J. de la M. Thompson 35,000 leaving 50,000.

Mr. Llewellyn has also disposed of a non-beneficial holding of 2,000 shares. The price in all cases was 440p.

KUWAITIS SELL 10% UNICORN HOLDING

The Kuwait Investment Office has sold its near 10 per cent stake in Unicorn Industries, the UK abrasives company for which Foseco Minsep has made an agreed £38m bid.

It sold its 2.9m shares in the market in two tranches, the first on June 30 totalling 1.19m shares and the second on July 8. With Unicorn's shares recently hovering just below the 120p mark, the Kuwaitis would have received around £3.3m for their stake.

They took their 9.98 per cent stake in Unicorn about three years ago through Securities Management Trust. Formal documents on Foseco's bid are due out fairly soon.

B. Paradise in £179,000 deal

B. Paradise, manufacturer and distributor of clothing, has exchanged contracts for the acquisition of Enfield-based Templebest Ltd., maker of ladies simulated fur garments, as well as coats and suits.

Initial consideration is £179,000, of which £100,000 is payable in cash, the balance to be satisfied by the issue of 300,000 Paradise shares. A further £17,500 cash and 100,000 shares may become payable depending on Templebest's profits for the year to January 31, 1981.

R. and J. Pullman, who has a 65.1 per cent controlling stake in Paradise, has approved the deal.

In the year to July 31, 1979, Templebest made pre-tax profits of £72,047 on sales of £769,172. There was a taxable surplus of £23,084 in the six months to January 31, 1980.

Net tangible assets at that date were £134,383.

Dealings halted in Yule Catto and Revertex shares

TRADING IN shares of Yule Catto, the industrial and commercial group and Revertex, the chemiacls company, was suspended yesterday pending an announcement by the two. Catto was halted at 110p and the latter at 50p.

Yule Catto, which acquired a 29.5 per cent stake in Revertex in April, followed this up with a full scale bid on June 25. Yule's offer values the shares it does not already own at £5m.

One of the major outstanding issues concerns agreements between Revertex and third party companies in joint ventures. Revertex and Hoescht, the German chemical company, each own 50 per centof Harlow Chemicals. Under the agreement, Hoescht may acquire the Revertex stake if there is a change of control of Revertex.

It is understood that an announcement on the status of the takeover bid will be made this morning.

TYCO'S MUIRHEAD STAKE: NO PROBE

The influence exterted by the U.S. group, Tyco Laboratories, over Muirhead through its 23 per cent holding and the April appointment of two Tyco representatives to the Muirhead board does not provide the basis for a reference to the Monopolies and Mergers Commission, the Secretary of State for Trade, Mr. John Nott, announced yesterday.

Tyco has been building a stake in the British electronic equipment manufacturer since last October but the two groups have always insisted that the interest is amicable and refuted suggestions that Tyco would be prepared to bid.

British Sugar plans to join oil search group

British Sugar Corporation is planning to take a small stake in a consortium to apply for new licence blocks in the seventh round offshore oil search.

Mr. John Beckett, the BSC chairman, said yesterday that a consortium was in the process of being formed with Union Oil of the U.S. and BSC was aiming to participate in it in a small way. Union Oil said that a consortium was a possibility but there was nothing official.

Mr. Beckett said that BSC was a substantial user of oil in its business. As regards any further participation in North Sea exploration Mr. Becket said "we will put our toe in the water and see how it goes."

SHARE STAKES

Inveresk Group—Mr. Edward Nassar has increased his interest and those of his associates to 1.798m shares (8.81 per cent).

A I Industrial Products—Carparo Investments has acquired 25,000 shares making its holding 501,500 (5.14 per cent).

R. Green Properties—David Kirch has acquired a further 30,000 shares, giving him a total of 875,000 (7.17 per cent).

Jessups Holdings—ITC Pension Trust jointly with ITC pension Investments hold 250,000 shares (5.995 per cent).

CHARTERHOUSE HAS OVER 90% KEYSER ULLMANN

Acceptances of Charterhouse Group's offer for Keyser Ullmann Holdings have been received in respect of 46.63m ordinary shares (90.7 per cent) and 75,280 preference shares (75.3 per cent). The offers are being extended to July 30.

GLOBE INVESTMENT

As at July 11, an aggregate amount of 15.09m ordinary shares of Globe Investment Trust (9.29 per cent) was held by the trustees of the National Coal Board Staff Superannuation Scheme, the Mineworkers' Pension Scheme, the Coal Industry Benevolent Trust and the Mining Contractors' Pension Scheme.

REMBIA SALE

REMBIA RUBBER has completed the sale of 135 acres of Rembia Estate land for 3.03m ringgits (approx. £596,000).

Amal. Industrials sells off rest of Derritron stake

Amalgamated Industrials, controlled by the family interests of Norwegian financier Mr. Per Hegard, has disposed of its remaining shareholding in Derritron, the electronics manufacturer and distributor which a week ago announced losses of £117,000 for 1979.

The holding of 1m shares (about 8.35 per cent of the capital) was placed in the stock market on Tuesday. Two months ago Amalgamated sold a holding of 77 per cent in Derritron in a similar operation. The proceeds of this sale were said to be to reduce bank and other indebtedness.

Both placings were undertaken by Rowe Rudd and Company, stockbrokers, headed by Mr. Tony Rudd the Derritron chairman. This latest package was placed with four institutions at around 26p per share.

Amalgamated announced last month that because of cash flow problems it would not be paying the interim dividend on the 10.6 per cent preference shares.

BROCKS GROUP

Following completion of the final account of Pern Electronics (Kennington), 410,044 ordinary 10p shares of Brocks Group of Companies, credited as fully paid and ranking pari passu in all respects with existing shares, are to be issued at 92p to the vendors in full and final settlement of the acquisition of Pern, announced on October 31, 1979.

Application will be made to the Council of The Stock Exchange for the new ordinary share to be admitted to the Official List.

Harvard plans unofficial market

Harvard Securities, the licensed securities dealing firm, plans to set up its own unofficial market in newly-issued shares of small, high-technology companies in September, with its first flotation being an electronics concern in Berkshire.

Mr. Tom Wilmot, the managing director of Harvard whose own shareholding is due to rise from 40 to 45 per cent under a proposed restructuring of the ownership, said three other candidates had for flotation also been lined up, of which one was outside the computer/electronics sector.

Harvard will offer up to 40 per cent of these companies to the public, with resulting market capitalisations being £250,000 or more. The issues will be made every two months or so. Mr. Wilmot said Harvard had been working on this for three years, starting with a list of 250 potential companies.

MINING NEWS

Vaal Reefs features in high gold interims

BY KENNETH MARSTON, MINING EDITOR

WHILE THE price of gold received by the South African mines in the Anglo American Corporation group during the past quarter has fallen to an average of around $545 per ounce from some $635 in the previous three months, a reminder of the industry's continuing high prosperity comes with the group's latest interim dividends.

Vaal Reefs has exceeded all expectations with a 1980 interim of 620 cents (341p). This follows an interim of 190 cents a year ago and the subsequent final of 320 cents. Thus the latest interim comfortably exceeds the 1979 total dividend.

The company has benefited from a tax rebate in respect of Afrikander Lease losses, but a more important factor in the latest quarter results has been the inclusion of an interim dividend declared by Southvaal Holdings.

Now on an interim and final dividend basis instead of paying only one dividend per year, Southvaal is declaring a 1980 interim of 170 cents. This follows last year's single payment of 140 cents and reflects an increased 1980 half-year net profit of R52.1m (£28.7m), earnings being derived from royalties on the South Lease operations of Vaal Reefs.

Western Deep's 1980 interim is also greater than the previous year's total. At 400 cents it matches best expectations and follows last year's interim of only 95 cents and the final of 225 cents. The veteran S.A. Land, which these days treats only surface dumps, is declaring an interim of 35 cents following two payments each of 20 cents for last year. No interim dividend is being declared by East Daggafontein.

The June quarterly reports issued by the Anglo group gold mines continue the story of profits lower than in the record March quarter as a result of the reduced gold price. The trend to mining lower ore grades has resulted in a modest fall in overall gold production, but this has been cushioned by an increased amount of ore milled in many cases.

Gold prices received by the mines in the past two quarters are compared in the following table.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce)—

	Quarter ended June 30	Quarter ended March 31
ERGO	R13,672 ($540)	R16,675 ($636)
Elandsrand	R13,928 ($552)	R16,484 ($634)
F.S. Geduld	R13,685 ($541)	R16,336 ($626)
F.S. Saaiplaas	R13,653 ($540)	R16,508 ($632)
President Brand	R13,838 ($547)	R16,477 ($632)
President Steyn	R13,822 ($547)	R16,380 ($628)
S.A. Land	R13,677 ($541)	R17,005 ($652)
Vaal Reefs	R13,820 ($546)	R17,501 ($671)
Welkom	R13,768 ($544)	R16,588 ($636)
Western Deep	R13,705 ($538)	R17,525 ($673)
Western Hldgs.	R13,697 ($541)	R16,417 ($631)

However, the latest net profits are still well above those earned in the final quarter of last year. The best performance during the past quarter has been made by President Steyn which has increased gold production as a result of higher milling and a better ore grade which reflects the richer material obtained from the No. 4 shaft area. Despite the lower gold price President Steyn has managed to increase earnings in the past quarter.

Individual net profits are shown in the following table:

	June qtr. R000	March qtr. R000	Dec. qtr. R000
East Dagga.	165	25	69
ERGO	22,980	28,471	15,532
Elandsrand	10,531	12,520	4,713
F.S. Geduld	47,258	48,424	33,800
F.S. Saaiplaas	5,737	7,940	5,058
Pres. Brand	43,402	46,963	32,726
Pres. Steyn	34,142	32,021	22,866
S.A. Land	1,268	1,331	829
Vaal Reefs	82,868	81,023	77,233
Welkom	10,689	12,102	7,682
W. Deep	61,519	70,734	59,358
W. Holdings	31,493	35,729	20,024

On the other side of the coin, Western Deep has suffered a fairly sharp fall in mill grade as a result of difficult mining conditions which have increased the amount of waste rock hoisted. The position is not expected to improve much before the end of the year and the forecast grade for 1980 has thus been reduced to 13.8 grammes gold per tonne from the previous 14.62 grammes.

Production at the East Rand Gold and Uranium (Ergo) dumps retreatment operation has been hampered by the de-scaling of water pipe lines, but it is now back to normal. East Daggafontein's income has been lifted by the receipt of royalty revenue from Groetvlei.

Wankie to expand coal output

ZIMBABWE'S LEADING mining operation, the Wankie Colliery, has been having talks with both Citibank of the U.S. and the World Bank subsidiary, International Finance Corporation, over the financing of an ambitious expansion plan.

The mine, which is part of South Africa's Anglo American Corporation group, said last year that the capital cost of the coal expansion programme would be greatly in excess of its own resources. Latest estimates put the cost at more than £70m.

The plan will increase coal production both for export and for use by the thermal power plant currently under construction at the mine site.

Zimbabwe has been buying some of its power supplies from the Kariba hydro-electric installation in Zambia, but supplies from this source are expected to decline as more of the power is used within Zambia. The Wankie plant is intended to make up for this shortfall.

Nchanga to pay a dividend

THE ZAMBIAN copper and cobalt producing Nchanga Consolidated Copper Mines is returning to the dividend list for the first time since November, 1974, with a declaration of a payment of K9.3m (£5.1m) for the year to March 31. The company is 51 per cent owned by the Zambian Government and the remaining 49 per cent is held by Zambia Copper Investments.

Although Nchanga's copper output fell for the third year running to 359,816 tonnes from 368,332 tonnes, the company improved its financial position thanks to the sharply higher copper price. Cobalt sales during the year amounted to 1,009 tonnes.

Profits after tax for the year amounted to K56.2m against K25.9m in 1978-79. Nchanga hopes to continue its improvement but points out that normal tax payments will commence this year because the tax recoverable from previous years has been absorbed.

AGREEMENT ON COAL VENTURE

Mines et Resources, a wholly-owned subsidiary of France's Cogema group, has reached broad agreement on a joint venture with Australia's Bridge Oil to explore and develop the Alpha coal deposit in Queensland.

The partners will each take a 50 per cent stake in the Galilee Basin deposit, which is estimated to contain some 800m tonnes of steaming coal. The joint venture agreement is expected to be signed before the end of this year.

NORTH AMERICAN NEWS

Surge in income at Occidental Petroleum

By Our New York Staff

OCCIDENTAL PETROLEUM, the first of the large U.S. oil companies to report second quarter returns, has registered the expected large increase in earnings.

Net income was $161.1m ($2 a share), up nearly 60 per cent on last year's $106.1m or $1.36. Sales rose sharply, from $2.2bn to $3bn.

The large West Coast company attributed the increase largely to favourable margins on foreign oil and gas production, though output from Libya and the North Sea, its two major producing areas, was below 1979 levels. Oxy's oil and gas division earned $154.9m, up from $134.2m.

There were also strong gains in chemicals operations, though these were to some extent affected by the embargo on Oxy's large fertiliser deal with the Soviet Union, ordered by the administration in retaliation for the invasion of Afghanistan. Earnings were $37.7m, up from $21m.

But the coal division returned lower earnings because of higher labour costs, a weak market, and a number of other factors.

Wall Street boom lifts First Boston

By Our New York Staff

FIRST BOSTON, one of the leading U.S. investment banking and brokerage firms, rode the crest of the recent securities boom on Wall Street and produces a more than seven-fold increase in profits.

Net income was $20.4m, or $4.08 per share, up from $2.7m, or $0.58, in the same period of 1979. Revenue was also up sharply, from $26.5m to $82.1m. This brought First Boston's six month earnings to $23.5m, or $4.74 a share, up from $6.6m, or $1.43 a share. Earnings in the second quarter exceeded those for any full year in the firm's 46-year history.

Mr. George Shinn, chairman and chief executive officer, said that securities trading, particularly in the fixed income market, had produced record revenues. There was also an increase in corporate underwritings and in the number of debt issues in which First Boston was the sole manager.

Income from First Boston's stake in its European affiliate, Financiere Credit Suisse-First Boston was $2.9m in the second quarter, and $4.7m in the first six months.

Western bank gains

Second quarter growth at Western Bancorporation, owners of majority interests in 21 banks operating in 11 western states, was slower than the industry trend. Net operating earnings were $56.67m for the quarter, compared with $52.84m a year earlier, our New York Staff reports.

This increased half-year operating earnings to $113.6m or $2.90 a share from $104.5m or $2.84 a share a year earlier.

U.S. recession bites into profits at Dow Chemical

BY DAVID LASCELLES IN NEW YORK

THE U.S. recession is leaving its mark on the chemical industry with Dow Chemical and Stauffer Chemical showing falls in the second quarter.

A sharp drop in orders and higher costs contributed to a decline in profits at Dow Chemical, the second largest group in the U.S. Net income was $171.2m, or 94 cents a share, down from $214.7m or $1.19 in the same period of 1979. Sales were $2.52bn, up from $2.31bn.

Thanks to increased earnings in the first quarter, Dow's six-month earnings were still ahead at $401.7m, or $2.21 a share, an advance from last year's $391.2m, or $2.16 a share.

Plastics demand weakened and sales of industrial chemicals declined in volume, but oil well servicing and consumer products operations improved.

Mr. G. J. Williams, financial vice-president, commented: "It now appears that the recession will be deeper and longer than we had previously thought. We therefore don't expect that our net income for the year will equal that of 1979." For 1979 Dow's total earnings were a record $784m, or $4.33 a share.

However, Dow said it believed that because more than half of its business was outside the U.S. and because of the continued strength of its oil- and gas-related businesses, the U.S. recession would affect its earnings "less than those of the chemical industry as a whole."

The company said new orders dropped abruptly in the U.S. in late April, resulting in reduced shipments for the second quarter. In most areas of the world, business was mixed, with Latin America and some European countries showing continued strength, it added.

Stauffer Chemical said earnings dropped to $20m, or 45 cents a share from $25m, or 57 cents, in the second quarter last year. Sales rose from $345m to $357m. Stauffer, which has diversified into more specialised areas from its basic chemical beginnings, said it expects depressed demand in domestic chemicals operations to continue for the rest of the year. For all last year Stauffer recorded net profits of $3.10 a share from sales of $1.53bn.

Agache to pay Korvette's debts

BY OUR NEW YORK STAFF

AGACHE-WILLOT, the French commercial and industrial group, has agreed to pay $14.3m in cash within the next month to the major creditors of its Korvette subsidiary as part of a stringent rescue plan for the U.S. department store chain

In addition to the cash payment, Chase Manhattan Bank, Manufacturers Hanover Trust Company, Bankers Trust Company and the Prudential Insurance Company will share 25 per cent of Korvette's profits until 1987 and in turn will write-off 55 per cent of the chain's outstanding debt of $57.2m.

Agache-Willot has agreed to pay the banks $11.4m in cash 30 days after the agreement is signed and another $2.9m to Citicorp Financial Company, a Citibank subsidiary, to cover payments on the debt of Korvette's credit card operation.

The French company has also agreed to guarantee another $13.8m in repayments by Korvette to the banks over the next five years.

Agache-Willot bought Korvette for $51m in April last year. Korvettes has since closed 16 of its 50 stores, two in the last week, and another is scheduled to be closed by the end of the month. The rescue plan calls for more store closures, but their locations have not yet been announced. So far, 7,000 employees out of 11,400 have been dismissed.

Mr. Joseph Ris, the new chairman of Korvette, called the rescue plan "very unusual but satisfying because it indicates that the banks believe we can return to a profitable path."

Korvette reported a loss of $26m on sales of about $600m for its year ending August, 1979. Mr. Ris said the company was running at a loss and that business was currently "a little soft." While the third quarter of this year would bring a loss, he said, the fourth quarter should be profitable. He predicted that next year the company would either break even or show a small profit.

Caution on prospects at Burlington Industries

BY OUR NEW YORK STAFF

BURLINGTON INDUSTRIES, a leading U.S. textiles group, has reported increased sales and earnings for the third quarter but warns that prospects for continued improvement have dimmed because of the current economic slowdown.

Net income rose to $28.3m for the quarter against $21.29m during the same period last year, while sales advanced to $724m from $686.7m last year.

Despite the increases, Mr. William Klopman, chairman and chief executive officer, said "Operating results for the quarter were affected by the influence of the recession on our home furnishings, particularly our carpeting and furniture areas."

Mr. Klopman predicted that the fourth quarer earnings will be less than those of the recent quarter results because of the recession's impact on the company and expected foreign currency translations charges of about 35 cents a share stemming from the deterioration of the U.S. dollar.

Overseas sales lift Merck

BY OUR FINANCIAL STAFF

A STRONG rise in pharmaceutical sales in overseas markets has helped to push Merck ahead in the second quarter. Sales for the half year are 14 per cent up at $1.33bn, with earnings a similar amount *higher at $220.9m. For the full* year analysts have forecast that earnings will rise from $5.06 a share to $5.65.

In the second quarter, sales gained 13 per cent to $674.8m with profits 11 per cent higher at $114.9m or $1.53 a share.

The rate of growth for U.S. pharmaceutical sales was reduced after the exceptionally strong gains achieved by Merck's Sharp and Dohme division in 1979's second quarter.

Merck said animal health product sales in the period were *hurt by the seriously* depressed market conditions

The environmental health segment of its business grew more slowly in the second quarter than in the first, and sales are expected to be affected in the coming months by the economic downturn.

Growth slows at Allegheny Ludlum

By Our Financial Staff

GROWTH SLOWED at Allegheny Ludlum, the leading U.S. speciality steel maker, in the second quarter with net profit showing a 6 per cent increase to $24.8m or $2.88 a share on a 1 per cent rise in sales to $399.6m.

But the company, which recently made an offer for the remaining shares of its British affiliate Wilkinson Match, said sales and earnings for the year could match the 1979 record despite the effects of the recession.

For the six months ended June, profits rose 13 per cent from a year earlier to $40m or $4.44 a share on sales which rose 6 per cent to $822.6m.

NCR spending

NCR Corporation, the computer group, plans to spend about $155m in the next four years to expand its capacity for developing and manufacturing semi-conductors, writes our *Financial Staff. It said the* expansion would double its capacity for designing and producing custom designed micro-circuits. It would also increase the share of its semi-conductor requirements produced within the group from the current 40 per cent to 50 per cent by 1984.

Housing slump hits forest companies

By Carla Rapoport in New York

HARD HIT by the decline in *housing starts and the slow*down in the U.S. economy, two major U.S. forest products companies have reported sharp falls in second quarter earnings.

At Georgia-Pacific net income was down by 42.1 per cent, to $55m from $95m in the same quarter last year. Crown Zellerbach has reported a 35 per cent drop, to $29m from $45m last year.

Sales at Georgia-Pacific dropped to $1.19bn, against $1.34bn in the same period last year. Crown Zellerbach's sales advanced slightly, to $755.9m from $709.8m in the second quarter last year.

Both companies, however, predict improvement in sales and earnings during the third and fourth quarters.

Mr. Robert Flowerree, chairman and chief executive of Georgia-Pacific, said "Although housing starts continued to decline during the second quarter, we seemed to reach the bottom of the trough for building products in the early part of the period, with strength evident late in the quarter.

"We expect continued, gradual improvement for the remainder of the year now that mortgage rates have moderated and construction loans are more reasonable. Lower interest rates are also stimulating other building sectors, such as remodelling and repair."

Mr. C. R. Dahl, chairman and chief executive of Crown Zellerbach, said that the long-term outlook for Crown was favourable and that the company would spend about $250m on capital improvements, up from $216m last year.

Getty tender succeeds

By our Financial Staff

ABOUT 95 per cent of the 5.82m outstanding shares in ERC Corporation were tendered under Getty Oil's $97 a share offer. Getty's bid valued the Kansas-based insurance concern at $565m.

It was also revealed that Morgan Stanley and Co., acting as agent to the estate of Mr. J. Paul Getty, had suggested to the Kuwait Investment Office that part or all of the estate's shareholding in Getty Oil might be available for sale.

KIO has offered almost $1bn for the estate's stake, which represents about 14.6 per cent of Getty's total outstanding shares.

Engelhard forecast

Engelhard Minerals and *Chemicals, the metals and* mineral marketing and fabrication group, expects second quarter earnings to show a substantial increase on those achieved in 1979 and to be close to the level recorded in its first quarter, writes Our Financial Staff.

Sperry opens year with 16% advance

BY DAVID LASCELLES IN NEW YORK

SPERRY has turned in a 16 per cent gain in first quarter earnings, from last year's corresponding $54.2m to $63.2m, or from $1.52 to $1.57 a share. But the big computer concern said that the farm equipment industry's problems and the slowdown in sales of heavy industrial equipment were reflected in a drop in orders at the Sperry New Holland and Sperry Vickers divisions.

Computer companies have been reporting mixed results in the most recent quarter. The industry leader, International Business Machines earlier this week revealed a strong earnings gain after disappointing figures last year, but some of Sperry's rivals, including Burroughs, announced earnings declines.

Mr. Paul Lyet, chairman of Sperry, said that the company was feeling the effects of high interest rates and the credit squeeze. But, he added, "our backlog position is strong, so we can look at the year ahead with some degree of optimism if the recession does not prove to be longer and deeper than is expected."

The company added that its order backlog as of June 30 was up 10 per cent compared with a year ago at $3.3bn.

Sales revenues for the first quarter totalled $1.27bn compared with $1.09bn a year ago.

For the full year, Wall Street analysts have forecast that earnings will rise from $5.73 (fully diluted) to around $6.60 (fully diluted), with revenues hopefully 11 per cent higher than last year's $4.2bn.

The company traditionally earns about 48 per cent of profit from its computer systems and equipment division with farm equipment—effectively Sperry New Holland—bringing in a further 27 per cent. Around one fifth of earnings are rooted in the U.S defence and space programmes.

Second-quarter slowdown shown at R. J. Reynolds

BY OUR FINANCIAL STAFF

R. J. REYNOLDS INDUSTRIES the largest producer of cigarettes in the U.S., saw net profits rise 19.5 per cent in the second quarter from $136.9m to $163.6m on sales 13 per cent higher at $2.54bn.

The result represents a slowdown on the 40 per cent growth achieved in the first quarter, but half year results still ended 29.5 per cent ahead at $347.4m. The *second quarter earnings per* share of $1.53 ($1.30 previously) took the six-month total to $3.26 ($2.59). Sales for the half year were $4.95bn against $4.22bn.

The company said sales were up in all lines of its business except international tobacco. The company has food, transportation, energy and packaging interests, as well as tobacco. International tobacco sales declined by $7m to $496.7m, with price gains more than offset by lower volumes.

Overall Reynolds expects profits for the year to show an improvement on last year's $551m, or $5.23 a share, but the second half is not expected to match the "particularly strong" growth of the first six months.

INTERNATIONAL CAPITAL MARKETS

Eurobond debut for Honeywell Bull

By Francis Ghilès

PRICES EDGED forward yesterday in the two major sectors of the international bond markets but trading remains at a very low level. In the dollar sector prices were helped by the one-point gain in the U.S. domestic bond market on Wednesday and the fall in Eurodollar rates yesterday—the six-month Eurodollar deposit rate dropped ¼ per cent to 9 7-16ths per cent.

Two issues are being arranged in the Deutsche Mark sector. Honeywell Bull Finance Overseas NV (Curacao) is making its first foray into the Eurobond market with a DM 100m 10-year bullet issue which is managed by Deutsche Bank. The borrower is paying a coupon of 8¾ per cent.

New Zealand is raising *DM 50m in the form of a 10*-year private placement carrying a coupon of 8 per cent through Westdeutsche Landesbank.

This issue will refinance a DM 50m private placement which was due two days ago. The new placement has been bought by two institutions.

Reverse for Royal Trustco

By Robert Gibbens in Montreal

ROYAL TRUSTCO, Canada's largest trust company, reports first-half earnings of C$12.7m (US$11m), or 64 cents a share on revenues of C$531m against C$12.9m, or 81 cents on C$406m a year earlier. Second quarter profit was 49 cents a share, against 58 cents a year earlier. The company said that the outlook for the balance of the year is more encouraging.

AMERICAN QUARTERLIES

AMERICAN HOME PRODUCTS

	1980 $	1979 $
Second quarter		
Revenue	924.9m	852.3m
Net profits	100.31m	90.22m
Net per share	0.64	0.57
Six months		
Revenue	1.95bn	1.77bn
Net profits	213.82m	191.26m
Net per share	1.38	1.21

ARCHER DANIELS MIDLAND

	1980 $	1979 $
Year		
Net profits	115.9m	56.42m
Net per share	3.20	1.63

BELDEN CORPORATION

	1980 $	1979 $
Second Quarter		
Revenue	81m	74.7m
Net profits	3.14m	2.89m
Net per share	0.97	0.87
Six months		
Revenue	165.5m	144.7m
Net Profits	6.2m	5.89m
Net per share	1.92	1.81

BOISE CASCADE

	1980 $	1979 $
Second quarter		
Revenue	716.6m	752.5m
Net profits	32.6m	53.9m
Net per share	1.22	2.01
Six months		
Revenue	1.45bn	1.39bn
Net profits	75.7m	88.4m
Net per share	2.84	3.28

CESSNA AIRCRAFT

	1980 $	1979 $
Third quarter		
Revenue	237m	267m
Net profits	3.4m	15m
Net per share	0.18	0.81
Nine months		
Revenue	738m	681m
Net profits	17.6m	36m
Net per share	0.94	1.94

CLUETT PEABODY

	1980 $	1979 $
Second quarter		
Revenue	168.2m	148.6m
Net profits	1.96m	2.54m
Net per share	0.18	0.24
Six months		
Revenue	334.0m	296.0m
Net profits	5.73m	6.1m
Net per share	0.56	0.60

CRANE

	1980 $	1979 $
Second quarter		
Revenue	388.6m	431.5m
Net profits	10.82m	16.4m
Net per share	1.07	1.61
Six months		
Revenue	759.2m	745.1m
Net profits	20.39m	24.55m
Net per share	2.01	2.40

CROWN CORK & SEAL

	1980 $	1979 $
Second quarter		
Revenue	408.7m	389.4m
Net profits	22.39m	21.33m
Net per share	1.52	1.41
Six months		
Revenue	740.8m	692.5m
Net profits	37.21m	35.11m
Net per share	2.51	2.32

CROWN ZELLERBACH CANADA

	1980 $	1979 $
Second quarter		
Revenue	165.8m	157.6m
Net profits	10.04m	15.28m
Net per share	1.21	1.86
Six months		
Revenue	319.0m	294.1m
Net profits	19.74m	26.74m
Net per share	2.38	3.25

DUN AND BRADSTREET

	1980 $	1979 $
Second quarter		
Revenue	287.5m	234.6m
Net profits	28.1m	25.4m
Net per share	1.01	0.91
Six months		
Revenue	580m	443m
Net profits	51.2m	45m
Net per share	1.84	1.61

EASTERN GAS & FUEL

	1980 $	1979 $
Second quarter		
Revenue	234.8m	202.7m
Net profits	12.43m	10.69m
Net per share	0.55	0.51
Six months		
Revenue	523.4m	444.9m
Net profits	38.28m	26.14m
Net per share	1.37	1.24

EMHART

	1980 $	1979 $
Second quarter		
Revenue	457.9m	379.0m
Net profits	20.8m	20.1m
Net per share	1.71	1.67
Six months		
Revenue	906.6m	734.3m
Net profits	40.4m	37.9m
Net per share	3.32	3.16

GAF CORPORATION

	1980 $	1979 $
Second quarter		
Revenue	289.3m	298.2m
Net profits	†3.31m	4.96m
Net per share	†0.31	0.30
Six months		
Revenue	602.2m	583.4m
Net profits	8.71m	10.29m
Net per share	0.51	0.63

GENERAL PORTLAND

	1980 $	1979 $
Second quarter		
Revenue	80.4m	71.9m
Net profits	7.85m	7.07m
Net per share	1.10	1.03
Six months		
Revenue	147.1m	119.7m
Net profits	13.51m	6.66m
Net per share	1.95	0.96

GENERAL SIGNAL

	1980 $	1979 $
Second quarter		
Revenue	381.5m	343.4m
Net profits	25.4m	21.5m
Net per share	1.01	0.87
Six months		
Revenue	756.7m	674.0m
Net profits	49.5m	40.8m
Net per share	1.97	1.65

GENERAL TELEPHONE & ELEC.

	1980 $	1979 $
Second quarter		
Revenue	2.61bn	2.44bn
Net profits	133.17m	167.74m
Net per share	0.83	1.10
Six months		
Revenue	5.24bn	4.7bn
Net profits	198.23m	316.97m
Net per share	1.21	2.07

FRED S. JAMES

	1980 $	1979 $
Second quarter		
Revenue	48.7m	41.0m
Net profits	5.75m	5.47m
Net per share	0.71	0.70
Six months		
Revenue	95.4m	81.1m
Net profits	11.27m	10.58m
Net per share	1.40	1.29

JOY MANUFACTURING

	1980 $	1979 $
Third quarter		
Revenue	242.6m	191.6m
Net profits	14.01m	9.6m
Net per share	1.07	0.74
Nine months		
Revenue	681.7m	566.0m
Net profits	42.23m	33.81m
Net per share	3.24	2.60

KIMBERLY-CLARK

	1980 $	1979 $
Second quarter		
Revenue	609m	547.4m
Net profits	43.3m	39.6m
Net per share	1.86	1.69
Six months		
Revenue	1.26bn	1.09bn
Net profits	94m	81.6m
Net per share	4.03	3.49

KOPPERS

	1980 $	1979 $
Second quarter		
Revenue	462.7m	454.6m
Net profits	19.86m	24.68m
Net per share	0.74	0.95
Six months		
Revenue	865.6m	801.8m
Net profits	20.13m	28.92m
Net per share	0.74	1.10

MELVILLE

	1980 $	1979 $
Second quarter		
Revenue	572.9m	498.9m
Net profits	24.63m	21.79m
Net per share	0.98	0.87
Six months		
Revenue	1.01bn	858.4m
Net profits	31.68m	28.09m
Net per share	1.26	1.12

NORTH AMERICAN COAL

	1980 $	1979 $
Second quarter		
Revenue	105.2m	89.4m
Net profits	3.18m	3.21m
Net per share	0.95	0.96
Six months		
Revenue	208m	177.1m
Net profits	7.83m	6.56m
Net per share	2.35	1.97

NORTHWEST INDUSTRIES

	1980 $	1979 $
Second quarter		
Revenue	684.5m	639.6m
Net profits	31.6m	45.0m
Net per share	1.02	1.47
Six months		
Revenue	1.34bn	1.23bn
Net profits	62.1m	79.1m
Net per share	2.00	2.57

PACIFIC GAS & ELECTRIC

	1980 $	1979 $
Second quarter		
Revenue	1.16bn	980.6m
Net profits	99.16m	95.83m
Net per share	0.86	0.94
Year		
Revenue	4.63bn	3.98bn
Net profits	381.8m	378.5m
Net per share	3.48	3.75

PULLMAN INC.

	1980 $	1979 $
Second quarter		
Revenue	758.2m	824.0m
Net profits	†3.84m	33.41m
Net per share	†0.36	3.04
Six months		
Revenue	1.53bn	1.52bn
Net profits	11.92m	56.2m
Net per share	1.07	5.11

† Loss

ST. JOE MINERALS

	1980 $	1979 $
Second quarter		
Revenue	339.4m	282.4m
Net profits	24.68m	27.46m
Net per share	1.10	1.22
Six months		
Revenue	664.8m	546.1m
Net profits	60.23m	45.12m
Net per share	2.68	2.01

ST. REGIS PAPER

	1980 $	1979 $
Second quarter		
Revenue	694.05m	628.49m
Net profits	48.87m	46.23m
Net per share	1.49	1.42
Six months		
Revenue	1.37bn	1.22bn
Net profits	94.99m	82.99m
Net per share	2.90	2.55

SEABOARD COAST LINE

	1980 $	1979 $
Second quarter		
Revenue	616.0m	543.0m
Net profits	41.8m	36.6m
Net per share	2.85	2.50
Six months		
Revenue	1.22bn	1.05bn
Net profits	78.9m	56.6m
Net per share	5.37	3.87

SMITHKLINE

	1980 $	1979 $
Second quarter		
Revenue	403.7m	341.2m
Net profits	68.62m	57.15m
Net per share	1.04	0.88
Six months		
Revenue	814.2m	669.1m
Net profits	138.61m	111.0m
Net per share	2.10	1.70

SPRING MILLS

	1980 $	1979 $
Second quarter		
Revenue	221.4m	193.8m
Net profits	7.61m	8.37m
Net per share	0.87	0.95
Six months		
Net profits	16.5m	16.4m
Net per share	1.87	1.86

SQUARE D

	1980 $	1979 $
Second quarter		
Revenue	226.8m	207.6m
Net profits	17.04m	19.71m
Net per share	0.72	0.83
Six months		
Revenue	462.7m	391.1m
Net profits	36.49m	35.22m
Net per share	1.53	1.48

STOKELY-VAN CAMP

	1980 $	1979 $
Fourth quarter		
Revenue	153.2m	160.6m
Net profits	2.8m	4.4m
Net per share	0.79	1.27
Year		
Revenue	541.5m	552.6m
Net profits	11.4m	13.1m
Net per share	3.23	3.73

STORAGE TECHNOLOGY

	1980 $	1979 $
Second quarter		
Revenue	143.2m	119.9m
Net profits	10.19m	9.31m
Net per share	0.40	0.37
Six months		
Revenue	267.9m	215.6m
Net profits	19.27m	16.86m
Net per share	0.76	0.67

WARNER COMMUNICATIONS

	1980 $	1979 $
Second quarter		
Revenue	449.9m	348.1m
Net profits	25.58m	20.19m
Net per share	0.90	0.76
Six months		
Revenue	876.9m	783.3m
Net profits	60.59m	51.01m
Net per share	2.13	1.91

ZENITH RADIO

	1980 $	1979 $
Second quarter		
Revenue	258.9m	238.4m
Net profits	4.1m	2.3m
Net per share	0.22	0.12
Six months		
Revenue	530.0m	475.8m
Net profits	10.7m	6.0m
Net per share	0.57	0.32

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	92¼	92¾	−0½	−1	11.37
Brit. Oxygen F. 10¾ 90	50	92⅝	93¼	−1⅛	−2⅝	11.99
CECA Grad. Rate 12 86	100	98½	99¼	+0⅛	−0⅛	11.47
CECA 11⅜ 90	50	99	99½	+0⅛	−0⅜	11.71
CECA 11½ 88	100	99⅞	100⅛	0	−0⅛	11.46
Citicorp O/S Fin. 10 86	300	95⅜	96⅛	+0⅛	−1	10.97
Con. Illinois O/S 9¾ 86	150	94⅜	94⅞	+0⅛	−1⅛	11.02
Denmark 11¾ 90	100	98⅞	99⅜	0	−1⅛	11.89
Dome Petroleum 13½ 92	50	103	103½	+0¼	−0⅞	12.93
EEC 11 95	75	95⅞	96⅜	+0⅛	−0⅛	11.55
EIB 11¼ 92	80	97½	98¼	0	−1½	12.07
EIB 13¾ 90	100	106½	107¼	+0⅛	−0¼	12.48
Eksportfinans 11¼ 87	50	99¾	100¼	+0½	−0⅜	11.22
Eksportfinans 9½ 87	75	92⅞	93⅜	+0¼	−1⅛	10.96
Elec. de France 10 88	125	95⅞	96⅜	+0⅛	−0⅞	10.74
Export Dv. Cpn. 9¾ 84	150	96½	97	+0¼	−0⅜	10.75
Export Dv. Cpn. 12¾ 87	100	106⅝	107⅛	+0¼	−0½	11.22
Export Dev. Cpn. 9½ 86	150	95⅞	96⅜	+0⅛	−0⅜	10.43
Federal Dev. Bk. 12¼ 85	75	103½	104	+0½	−0½	11.18
Fin. Exp. Credit 10½ 85	50	98⅜	98⅞	+0½	−0½	10.90
Finland, Rep. of 9½ 86	100	92	92½	+0⅛	−1⅜	11.40
Ford O/S Fin. 12⅝ 85	250	100	100½	+0½	−0¼	12.52
George Weston 13½ 87	30	102½	103	+0¼	−0½	12.85
GMAC O/S Fin. 11 84	100	99⅝	100⅛	+0¼	−0¼	11.00
GMAC O/S Fin. 13⅛ 85	100	105⅞	106⅜	+0⅜	−0⅛	11.59
Goodyear O/S 12½ 87	75	98¾	99¼	+0⅛	−0½	12.71
Hudson's Bay 11½ 90	75	98¼	98¾	+0⅛	−0⅜	11.76
IBM Canada 10½ 85	50	100	100½	+0¼	−0⅛	10.43
ICI Fin. Ned. 11 83	100	100	100½	−0⅛	−0⅜	10.87
McGraw 13½ 85	75	102⅞	103⅜	+0½	0	12.59
Norwest Ind. 13⅝ 87	50	101⅛	101⅝	+0⅛	−0⅛	13.27
Nova Scotia 10¾ 90	50	95⅛	95⅝	+0⅛	0	11.65
Pembroke Capital 9⅜ 87	100	94¼	94¾	0	−1⅛	10.78
Pemex 11½ 88	100	97⅜	98⅛	0	−0⅞	11.92
Quebec, Hydro 11½ 92	100	97⅛	97⅝	−0⅛	−0⅞	11.92
Roylease Ltd. 11¼ 85	50	100½	101	+0½	−0⅛	11.03
SNCF 12⅝ 85	50	104⅞	105⅜	+0⅛	0	10.93
Swed. Ex. Cred. 12½ 85	40	102⅞	103⅜	+0⅛	−0½	11.58
Sweden 9⅜ 84	100	96½	97	+0⅛	−0¼	10.76
UB Finance BV 11 90	50	93¼	93¾	0	−0⅛	12.18
World Bank 9⅜ 85	200	97	97½	+0⅛	−1½	10.48
World Bank 10¼ 87	300	97⅜	97⅞	+0¼	−0⅞	10.75

Average price changes... On day +0⅛ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	†103	103½	+0⅛	+0½	8.49
Australia 8⅛ 90	250	102½	103¼	+0½	+0¼	7.68
BFCE 7⅜ 87	100	99	100	+0⅛	+0¼	7.84
BFCE 8⅛ 95	100	99¼	100	−0⅛	0	8.16
Brazil 8 87	150	92⅞	93⅝	+0⅛	−0⅜	9.35
Council of Eur. 7¾ 89	100	94¾	95½	−0⅛	−0⅛	8.04
Denmark 7⅞ 88	100	†98¼	99⅛	0	+0⅛	8.18
Denmark 8⅞ 92	100	†99¾	100¼	+0¼	+0½	8.27
EEC 7⅞ 94	225	98½	99¼	+0⅛	0	8.00
EIB 7½ 89	200	97	97¾	+0¼	+0⅛	7.92
Finland Rep. of 8 86	150	98⅝	99⅜	−0⅛	−0⅛	8.19
Kobe, City of 7⅛ 89	150	95	95½	−0⅛	−0⅛	7.85
Kobe, City of 8 90	100	100¾	101½	+0⅛	+0⅜	7.89
Mt. Bk. Denmark 8½ 90	150	100¼	100⅞	+0⅛	+0⅛	8.42
Norway 7½ 85	250	99⅜	100⅛	+0⅛	−0⅛	7.55
OKB 7⅜ 89	100	96⅝	97⅜	+0¼	+0⅜	7.84
OKB 8⅜ 92	150	100⅜	101⅛	+0¼	+0¼	8.15
Oslo, City of 8¾ 90	80	102⅜	103⅛	+0⅛	+0½	8.31
Sweden 9¼ 87	200	†107⅛	107⅞	−0⅛	−0⅛	8.26
World Bank 7⅜ 91	400	98	98¾	+0½	+0⅜	7.98
World Bank 7⅞ 90	250	98⅞	99⅝	+0½	+0⅜	7.98
World Bank 10 86	150	108½	109¼	+0⅛	+0⅛	8.01
World Bank 10 90	200	111⅝	112⅜	+0⅛	+0½	8.16

Average price changes .. On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	94	94½	+0⅛	0	6.36
Bergen, City of 4¾ 91	40	95⅜	96¼	+0⅛	0	5.24
Bergen, City of 6 90	50	103⅜	104¼	+0⅛	+0⅛	5.46
BNDE 5 89	75	86	86½	+0½	−0⅛	7.12
BMW Overseas 4¾ 91	100	93½	94	+0¼	+0½	4.99
Buhrm'n-Tetterode 7 90	40	105⅝	106¼	+0⅛	+0½	6.16
Caisse Nat. Tele. 4⅝ 89	100	94½	95	0	−0½	5.11
Copenhagen 4½ 91	60	91	91½	0	0	5.57
Council of Eur. 5 89	100	96	96½	+1	+1⅛	5.52
Denmark 5¾ 90	80	100	100½	0	−0⅛	5.72
EIB 4½ 91	100	92	92½	−0⅛	0	5.45
EIB 4⅝ 94	100	88¼	88¾	0	+0¼	5.57
Elet. de France 4⅝ 89	100	94¾	95¼	+0⅛	−0⅛	5.08
F. G. H. Hypo. Bk. 6 90	50	†104	104½	−0½	−0½	5.43
GZB 4⅝ 89	100	92	92½	+0¼	0	5.33
Hihi 4½ 91	35	†94⅛	95⅛	+0¼	+0⅛	4.83
Int.-Amer. Dev. 4½ 89	100	92	92½	0	−0½	5.61
Int.-Amer. Dev. 7 90	80	106½	107	0	+0⅛	6.06
Jutland Tele. 5½ 90	50	100½	101	+0¼	0	5.39
Malaysia 5 89	80	89	89½	0	−0¼	6.59
Newag 5⅝ 90	80	102¼	102¾	+0¼	+0¼	5.42
Nippon Tel. & T. 4¼ 89	100	94½	95	+0⅛	−0⅛	4.97
Nordic Bank 5 89	45	98½	99	+0½	+0½	5.18
Norges Komm. 4½ 91	100	93	93½	+0⅛	+0⅛	5.18
OKB 4⅞ 91	100	92⅛	92⅝	+0⅛	+0⅛	5.27
OKB 6 90	100	†103¼	103¾	−0¼	−0⅛	5.52
Oslo, City of 4½ 91	100	90	90½	0	−0⅛	5.56
Sekisui Pre. Hms. 6 90	80	103	103½	+0⅛	+0⅛	5.56
Shikoku El. Pwr. 4⅞ 89	100	96½	97	+0⅛	+1	5.21
World Bank 4⅞ 89	100	97	97½	+0⅛	+1	5.01
World Bank 4¾ 89	150	92	92½	0	−0⅛	5.47
World Bank 4⅝ 91	100	93¼	93¾	+0¼	+0¼	5.41

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92	93	−0⅛	+0⅛	8.35
Australia 6¾ 88	20	87⅝	88⅜	−0⅛	0	8.71
EIB 7⅜ 89	12	95½	97	+0⅛	−1⅛	8.35
Finland 5.6 83	10	90⅞	92⅛	+0⅛	−0⅛	8.69
Finland 6.8 88	10	87⅜	89	−0⅛	−0⅜	8.97
Finland, Rep. of 8⅜ 87	15	96½	97½	−0¼	−0⅜	8.97

Average price changes... On day −0⅛ on week −0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	95¾	96¼	+0¼	0	11.67
CIBC 13½ 85 C$	50	103¾	104¼	0	−0⅛	12.32
CIBC 11½ 85 C$	80	98½	99	+0⅛	+0⅛	11.84
Federal Dev. 11½ 90 C$	60	96⅞	97⅜	0	−0⅛	12.01
Fst. Can. Inv. 10 84 C$	50	94	94½	+0⅛	0	11.93
GMAC 12 85 C$	50	†98⅜	98⅞	0	−0⅛	12.27
R. Bk. Canada 10 86 C$	40	94⅝	95⅛	0	−0⅛	11.23
Tordom Cpn. 13½ 85 C$	30	103½	104	0	−0¼	12.39
M. Bk. Dnmk. 9 91 EUA	25	93⅜	94⅞	0	−0⅛	9.85
SOFTE 8¼ 89 EUA	40	87⅛	88½	0	+0⅛	10.44
U. Bk. Nrwy. 9½ 90 EUA	18	97¼	98¼	0	−0⅛	9.77
Algemene Bk. 8¼ 84 Fl	75	96½	97	+0⅛	+0¼	9.21
Algemene Bk. 10¼ 87 Fl	400	100⅝	101¼	+0⅛	+0⅞	10.04
Ned. Gasunie 8¼ 84 Fl	50	100⅜	100⅞	+0⅛	+0⅛	8.55
Ned. Middbk. 8¼ 84 Fl	75	96⅝	97⅛	+0⅛	+0¼	9.28
Norway 8¼ 84 Fl	100	96¼	97¼	+0⅛	+0⅛	9.12
Philips Lamps 8⅛ 84 Fl	75	96¾	97¼	0	+0⅛	9.26
Air France 11 84 FFr	120	96¼	97	+0½	+0⅞	12.05
CECA 14¾ 86 FFr	150	106¼	107	+0⅛	+0⅞	12.51
Euratom 9¾ 87 FFr	150	85⅜	86⅛	0	+0⅛	12.93
Finland 11 84 FFr	80	95⅛	95⅞	+0⅛	+0⅛	12.39
Finland 11½ 89 FFr	70	93¼	94	+0⅛	+0¼	12.69
Gaz de France 11 84 FFr	150	94⅝	95⅜	+0½	0	12.54
IBM France 11⅞ 84 FFr	120	97⅛	98⅛	+0⅛	+0½	12.36
Renault 9¾ 85 FFr	100	86⅞	87⅝	+0⅛	−0⅛	13.42
Saint-Gobain 9¾ 86 FFr	130	86¼	86⅞	+0¼	+0⅛	13.19
Solvay et Cie 9¾ 87 FFr	125	84⅝	85⅜	+0⅛	−0⅛	13.22
Beneficial Fin. 14⅛ 90 £	20	101½	102	+0⅛	+0⅝	13.89
Citicorp O/S 13½ 90 £	50	100⅜	100⅞	+0½	+0⅛	13.34
EIB 11½ 91 £	25	95⅝	96⅛	+0½	+2⅜	12.17
Fin. for Ind. 12½ 89 £	30	97¾	98½	+0⅝	+2¼	12.86
Fin. for Ind. 14½ 88 £	20	103⅞	104⅜	+0⅛	+1	13.53
Gen. Elec. Co. 12½ 89 £	50	99	99½	+0¼	+1¼	12.61
Swed. Ex. Cr. 13¼ 85 £	20	105¼	105¾	+0⅛	+0⅞	13.55
Banobras 8⅞ 90 KD	7	†94⅞	95⅝	0	0	9.01
CCCE 8⅞ 91 KD	10	†92⅞	93⅜	0	0	9.15
Mitsubishi 7½ 84 KD	10	†94⅛	94⅞	0	+2	9.15
Sonatrach 8½ 90 KD	12	†94¼	94¾	0	0	9.37
Akzo 9¼ 87 LuxFr	500	94⅞	95⅞	0	−0⅛	10.16
Euratom 8 87 LuxFr	500	89½	90½	0	0	10.11
Euratom 9¾ 88 LuxFr	500	99¼	99¾	0	0	9.97
EIB 9⅞ 88 LuxFr	600	97⅞	98⅞	0	+0⅛	10.05
Volvo 9⅜ 87 LuxFr	500	96⅛	97⅛	0	−0¼	10.41

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	98	98½	2/1	10.44	10.62
Bank of Ireland 5¼ 89	‡0¼	98	98½	21/8	11.81	12.02
Bank of Tokyo 5¼ 89	‡0⅛	97¼	97¾	25/10	16.56	16.99
Barclays O/S Inv. 5 90	0¼	97½	98	13/12	9⅝	9.85
Bergen Bk. A/S 6 89	‡0¼	97	97½	29/8	10	10.28
Bilbao Int. NV 5¼ 90	0¼	96⅞	97⅜	29/11	10.06	10.35
Bque. Indo Suez 5½ 89	0¼	98¼	98¾	11/1	9⅜	9.77
Citicorp O/S F. 83	§‡0	98⅞	99⅜	23/8	10.19	10.28
Citicorp O/S F. 84	‡0	98¼	98¾	30/7	9.69	9.84
C. Itoh 5¼ 87	0¼	99½	100	15/9	19.44	19.49
Co-operative Bk. 6 86	0¼	98¼	98¾	15/11	11.44	11.61
Creditanstalt 5½ 91	§‡0¼	97¼	97¾	14/9	9.44	9.68
CNT 5½ 86	§0¼	100¾	101¼	16/10	18⅛	17.95
GZB 5½ 89	‡0¼	98⅛	98⅝	1/8	15¼	15.50
Jugobanka 8 89	0⅞	90¼	92¼	23/11	11⅝	12.74
Ind. Bank Japan 5¼ 87	0¼	100	100½	15/10	18¾	18.70
Lloyds Eurofin 8 90 £	0¼	97¼	97¾	3/1	15⅝	16.15
LTCB Japan 5¼ 86	0¼	98¼	98¾	13/12	9⅝	9.77
LTCB Japan 5½ 89	0¼	98¼	98¾	7/12	10⅛	10.28
Mfrs. Han. O/S 5¼ 94	‡0¼	97¼	97¾	31/8	9⅞	10.13
Midland Intl. Fin. 5 89	0¼	99	99½	20/12	9½	9.57
Midland Intl. Fin. 5¼ 92	0¼	98½	99¼	5/12	10⅞	11.04
Nacional Fin. 6¼ 86	0¼	97⅞	98⅜	25/7	14.69	14.97
Nat. West. 5¼ 94	§0¼	99⅞	100⅜	11/10	18⅝	18.50
Nippon Credit 6½ 86	0¼	97¼	97¾	12/1	9.56	9.81
Nippon Credit 5½ 87	‡0¼	97⅝	98⅛	6/8	14⅜	14.69
Royal Bk Scot. 5¼ 94	§‡0¼	92½	93⅛	11/10	9.31	9.47
Soc. C. de Bque. 6½ 87	0¼	100¼	100¾	3/10	20.06	19.96
Sogenal 5¾ 89	§0¼	97⅝	98⅛	13/1	9⅝	9.83
Standard Chart. 5¼ 90	0¼	100½	100⅞	6/9	17¼	17.14
Sweden 8¼ 91	‡0¼	96⅝	97⅛	18/10	18⅝	19.23
Williams & Glyn 5¼ 91	0¼	100	100½	14/9	18½	18.45
Bq. E. d'Alg. 4¼ 89 SF	0⅝	†91	92	18/12	6⅛	6.69

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'boleg 7⅜ 89	10/79	145	†120	121	+1	−8.94
Ajinomoto 7¾ 95	2/80	615.5	113⅛	114⅛	+0⅛	−1.58
Alco Int. Fin. 9½ 94	1/80	40	93¼	94½	0	28.38
Apache I. Fin. 8¾ 95	12/80	21.12	116½	118¼	+0½	−0.82
Asahi Optical 7 94	11/79	526.1	97½	98½	−0¼	−4.20
Blocker Energy 8¾ 95	1/81	21.67	98⅝	99¼	+0⅛	17.36
Canon 6⅜ 94	3/79	570	109⅝	110⅝	+0⅛	1.15
Credit Suisse 4⅞ 93	10/79	1278	104⅞	105⅝	+1⅛	−2.81
Daiei Inc. 6½ 94	11/79	927.3	97⅛	98⅛	+0¼	17.80
DDKK 11 90	4/80	324	109⅞	110⅞	−0¼	12.70
Dynalectron 9½ 95	6/80	12.22	108½	110	+0⅛	1.68
Enserch Fin. 9½ 94	7/80	30.25	124½	125½	+0⅛	2.22
Meidensha Elec. 7 94	12/79	210	103½	104⅛	−0⅛	6.66
Mitsubishi Co. 6½ 94	10/79	549.*	122¼	123¼	−0⅛	2.53
Nippon Seiko 7¼ 94	12/79	339	†112	113	+0⅛	1.11
Toshiba Cpn. 7¼ 94	10/79	193	101⅞	102⅞	+0⅛	6.22
Union Bk Switz. 5 89	2/80	121.4	57½	59	+0⅛	4.69
Fujitsu 5 84 DM	7/79	475	100⅛	101	−0⅛	5.38
Konsai Elec. 4 84 DM	4/79	1210	†97⅛	98⅝	+0⅛	36.41
Sharp Cpn. 6½ 88 DM	9/80	595	101½	102	+0¼	13.46
Uny Co. 6½ 85 DM	11/79	1071	97⅞	98⅞	0	24.41

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES & FINANCE

Kockums may have to give up shipbuilding

By William Hall, Shipping Correspondent

KOCKUMS, which only a few years ago ranked amongst the top ten shipbuilders in the world, may have to give up building ships by the mid-1980s because it can no longer compete.

The famous Swedish shipyard, which made its name building super tankers in the mid-1970s has been hard hit by the world shipbuilding recession. The yard, which boasts the largest crane in the world, has the capacity to build up to 1.8m dwt of tankers per year.

Last year it completed one ship of 10,000 dwt and its sales have dropped from SKr 106bn in 1974 to SKr 273m ($66.3m).

In common with Sweden's other nationalised shipyards Kockums, has been given until 1985 to become commerciably viable. If this cannot be achieved, the Swedish Government has said that Kockums will be shut down.

Mr. Klas Helsing, Kockums' marketing manager, said in London yesterday that the shipyard was losing between 25 per cent and 30 per cent of the selling price of each ship it builds.

After studying the market for ships indepth, Mr. Helsing said that "to the best of our knowledge there is not going to be an increase in demand for ships before 1985."

WEST GERMAN MOTOR INDUSTRY

BMW postpones plant construction

BY KEVIN DONE IN FRANKFURT

THE RAPID decline of major world motor car markets has caused Bayerische Motoren Werke (BMW) to postpone for up to two years its plans for building a fifth plant.

BMW, the West German producer of high performance cars, has been searching for several months for a site for the proposed works both in the Federal Republic and abroad. A short-list had been drawn up of sites in West Germany, the U.S. and Austria, but Regensburg, a town in southern Germany, has emerged as the favoured location.

BMW had expected to make a decision around the turn of the year to press ahead with building the plant, but the company said yesterday that a final decision was now unlikely before 1982-83.

Test drillings are being carried out at the Regensburg site, but the sharp fall in car demand in the Federal Republic in the first six months of 1980 and the gloomy outlook for the industry has taken much of the urgency out of BMW's need for a new plant.

At present it has four plants in West Germany — in Munich, Dingolfing, Landshut and Berlin. The postponement of the company's plans will give BMW more time to consider whether an eventual fifth plant should be for car assembly or components' manufacture.

The latest production figures for the German automobile industry show there has been no halt to the slide in output. The latest registration figures to be published next week are expected to underline that the slump in car demand is now hitting all manufacturers.

Car production in June was 8 per cent below the level of June 1979 at 314,500 vehicles. In the first six months of 1980, car output has fallen by 9 per cent to 1,974,700.

The fall in new registrations has been even steeper, but in the first six months of 1980 at least, German manufacturers have continued to enjoy relative success in export markets, which has helped to slow the fall in output.

BMW, for example, has seen its new registrations in West Germany slump by 11 per cent in the first five months of 1980. Thanks, however, to a back-log of orders and strong export demand for the first six months, production in the first half of 1980 has been increased by 3 per cent.

Because of capacity limits, it has had to work some extra shifts in the first six months to increase production. But it is unlikely that special shifts will be needed in the second half of the year.

Opel, the German subsidiary of General Motors of the U.S., which has been particularly hard hit by the fall in demand for cars of two-three litre capacity in Germany, has announced that it is to implement a more extensive redundancy programme than first planned.

Nearly 6,000 workers are likely to leave Opel over the next nine months, about 2,000 more than originally reported. The company has been surprised by the large response to its voluntary redundancy programme.

About 8,400 employees — of which 86 per cent are foreign workers, chiefly Turks and Italians — have volunteered for redundancy from its Russelsheim works near Frankfurt. In addition almost all of its 2,500 eligible workers between the ages of 59 and 65 have opted for early retirement. The total cost of the programme will be around DM 90m ($53m) and the total workforce in Germany is likely to fall from 67,000 to about 61,000.

The split development of the German motor industry this year has continued in June according to the latest figures from the German Federation of Motor Manufacturers (VDA).

In contrast to the declining car output, production of commercial vehicles rose by 8 per cent in the first six months to 179,400.

June output was as much as 12 per cent up on the same month in 1979 to 35,933.

Customers aid Franco-Belge

BY TERRY DODSWORTH IN PARIS

FRANCO-BELGE, the French railway rolling stock manufacturer which went into receivership earlier this month, has negotiated advances from some of its main customers sufficient to hold it together until the beginning of September.

The finance will be used to pay the workforce through the holiday period, during which time the receiver is expected to be able to put together a rescue plan for the bulk of the assets.

Two public service companies, the Paris regional transport authority and the nationalised railways, have come up with the money to keep the business ticking over. These are the two organisations which have provided the bulk of the orders to Franco-Belge in its rapid expansion in recent years.

Some critics also accuse them of hastening its downfall by signing contracts which were clearly too low-priced to allow the company a sufficient profit margin.

It is thought that there may have been some government pressure on the nationalised groups to advance money against their orders to Franco-Belge because of the explosive labour problems which could emerge if the group's workshops were closed entirely.

Franco-Belge, owned by the Herlicq engineering group, employs about 2,400 workers, and is based in the Valencienne region where unemployment levels are high following the run down of the steel industry.

The company's employees have already staged several big demonstrations, stopping traffic on northern motorways and holding meetings outside the labour and industry ministries in Paris.

A solution to Franco-Belge's problems is likely to involve the splitting up of its activities between other French groups in this sector, which have also been severely hit by a slump in domestic and export orders.

According to informed sources, the goods wagon manufacturing interests could be taken over by two companies, Arbel and Ateliers du Nord de la France, with the passenger carriage business going to Alsthom de Dietrich and TCO.

SIR rescue cuts IMI earnings

By Our Financial Staff

HAMPERED by its involvement in the rescue of SIR, the stricken petrochemicals group, IMI, the Italian state-owned credit organisation, has turned in a further weak earnings performance.

For the year ended March 31 net profits dipped by 31 per cent to L12.8bn ($15.4m) following provisions of L156bn against SIR losses whose debts are said to total L2,500bn ($3bn).

A year ago a consortium of state-owned and private banks, under heavy pressure from the Italian Government, set out to rescue SIR through the conversion of SIR debt into equity.

At a press conference in Rome, Mr. Piero Schlesinger, IMI's chairman, explained that his company's net earnings last year would have amounted to L156bn had IMI not decided to anticipate losses arising from its exposure to SIR.

IMI has underwritten something like half of the petrochemical group's mountain of borrowings. Banca Popolare is another prominent member of the rescue consortium.

To partially cover losses expected this year though exposure to SIR, IMI has set aside L143bn in its 1979-80 balance sheet. SIR "losses" this year could total L390bn, the Press was told.

However, the IMI management stressed that group income this year would "more than cover" the remaining L247bn of operating losses deriving from the petrochemical group.

IBH lifts stake in Pettibone

BY OUR FRANKFURT CORRESPONDENT

IBH HOLDING, the largest West European building machinery group, has increased its stake in the U.S. Pettibone Corporation of Chicago, from 5.5 per cent to 13 per cent for which it has paid $8.9m. Herr Horst-Dieter Esch, chief executive of IBH Holding, said yesterday that IBH intended to increase its stake to 25.01 per cent over the next three-six months.

Pettibone, which last year had sales of $354m and pre-tax profits of $22m, manufactures equipment chiefly for the building industry including rough-terrain fork lift trucks, crushing plants, truck cranes and vibratory rollers. It also operates the U.S.'s largest manganese steel foundry and is a leading maker of railway track.

IBH Holding has grown rapidly in Europe over the last five years through a series of acquisitions and it has now set its sights on building a larger stake in the U.S. market. One of the most important reasons for taking the stake in Pettibone lies in the U.S. company's chain of 40 depots around the U.S., which could eventually be used for promoting IBH products.

The group's expansion through acquisition in Europe had now been completed.

In the first six months of 1980 the group had total sales of DM 620m ($365m). Taking the group as presently constituted this represents a growth of 21 per cent. Sales in the first half of 1979 totalled only DM 180m, but since then IBH has taken only three important companies, Hanomag, Hannover, the UK company Hymac and Wibau-Gelnhausen.

For the full year IBH is expecting a turnover of DM 1.3bn and pre-tax profits of around DM 20m.

The main part of the group's turnover still comes from the German companies, which had a turnover in the first six months of DM 437m, an increase of 15 per cent. These companies are Hanomag, Zettelmeyer, Wibau, Maschinenfabrik Hann, Duomat and Lanz-Aulendorf. Hymac had total sales of DM 83m in the first half of 1980, while IBH's French interests produced total sales in the first half of 1980 of DM 100m.

The French companies belonging to IBH include Maco-Meudon, Deruppe and Pingon.

In addition IBH Holding has 50 per cent or minority stakes in other companies in Canada, France and Italy.

London branch for Hypo-Bank

By Michael Lafferty

BAYERISCHE Hypotheken-und Wechsel-Bank (Hypo-Bank), one of West Germany's largest private banks, has opened a branch office in London. Herr Klaus Hartlieb, managing director in charge of international operations at the bank, said yesterday that the branch would bring strong development to Hypo's international business, and of business with England in particular.

"The areas of credit and foreign exchange which are already strong should get even stronger. But in the future we will broaden our contacts with English and multinational firms, and will become more active in the London market."

The London branch will participate in the medium-term Eurocredit market, and in loan transactions generated in London. Special emphasis will be placed on trade financing. "We will establish an active money market trading operation and it is envisaged that a security trading desk will be developed in order to participate in the Deutsche Mark and dollar fixed rate securities secondary markets."

Weak margins hold back Ciba-Geigy

By Our Financial Staff

WEAK PROFIT margins contiue to act as a brake on Ciba-Geigy, Switzerland's leading chemicals group, which yesterday said that its earnings for the first half of 1980 were not satisfactory.

Sales in the six months were 19 per cent ahead but the volume growth achieved was not acompanied by "the desired and essential degree of improvement in group profit," the company explained.

Ciba is a major producer of special chemicals. In 1979, when net profits dipped SwFr 327m ($148m) from SwFr 360m, pronet profits dipped to SwFr 327m per cent to 3.3 per cent, falling to their lowest level for four years.

Turnover for the first half of this year was SwFr 6.3bn compared with SwFr 5.3bn.

Thomson-Brandt offer for Saba approved

WEST BERLIN — The Federal Cartel Office has approved the planned takeover by Thomson-Brandt of France of Saba, the West German electrical company.

The Cartel Office said competition in the German colour television market would not be decisively restricted by the merger since a sharp increase in Japanese exports are expected.

Thomson-Brandt will control more than 15 per cent of the German colour television market following the takeover.

This share plus those of Grundig and Philips will account for more than 50 per cent of the market, which under the oligopoly clause of the new cartel law should have led to a veto of the proposed takeover of Saba.

However, the Cartel Office accepted that an exception should be made as the expected Japanese competition should prevent market domination.
Reuter

Orders for German metal decline

INCOMING ORDERS in the West German iron, sheet metal and steel processing industries fell by 6.7 per cent in real terms in May, with domestic orders dropping by a real 8.1 per cent and foreign orders falling 1.7 per cent, the industries' association said, Reuter reports from Dusseldorf.

It said it expects a weaker rate of growth in the next few months after the industries' production rose about 10 per cent in the first five months of 1980 from a year earlier.

SOUTH AFRICAN UNIT TRUSTS

Way clear for inflow of foreign investment

BY JIM JONES IN JOHANNESBURG

SINCE BREAKING through to record levels last September, of 258.9, the South African unit trust index has moved steadily ahead, more or less in line with the Johannesburg stock market. The unit trusts' association reports that at June 30 the index stood at 364.66—to show a 13.4 per cent rise on the quarter.

But the unit trust performance has yet to reflect fully the fact that investors have been flocking back to equities in the wake of the gold boom, and the significantly higher earnings and dividends that South African companies have reported.

Net outflows continue to be a worrying factor as far as unit trust managers are concerned, though some relief may be in sight.

The South African Reserve Bank has now agreed in principle to allow investment in unit trusts through financial rands (the South African investment currency held abroad) and blocked rands (emigrants' funds frozen in South Africa). And while unit trust managers remain cautious on the agreement's likely effect on unit sales, they feel that foreign investors will be attracted to South African units on the basis of the movement's performance relative to that of those in other countries. As it was, during the June quarter repurchases of units fell to R20.7m ($27m) from the March quarter's R30.5m. But that level, say the movement's managers, is acceptable when compared with average redemptions internationally.

On a world-wide basis the unit trust movement generally experiences average annual gross redemptions of about 12.5 per cent of funds being managed. At end-June the South African movement had funds under management of R657.8m, compared with R584.6m at end-March. On June quarter redemption figures, therefore, the South African movement is generally in line with others overseas. On the other hand, sales of units rose only marginally to R15.7m in the June quarter, from R15.1m in the March quarter, for an effective net outflow of R5m, against R15.4m.

The dilemma facing the movement is that, in the current state of the Johannesburg stock market, investors can find higher rewards by concentrating on particular growth sectors. Thus while the unit trust index rose 13.4 per cent in the March quarter, compared with a 10.3 per cent advance in the JSE actuaries' industrial index, its performance was well below the 21.4 per cent increase of the JSE actuaries' all market index.

The latter index comprises a far larger proportion of gold investments than the unit trusts. At end-June, gold shares comprised only 5.2 per cent of the market value of total funds managed by the movement.

That, it is conceded by unit trust managers, could dampen purchases by holders of financial rands. In general, they argue, most foreign investors see South African investments primarily in terms of gold and diamonds. London, particularly, has been a net seller of South African industrials for several years, and a major reversal of this is thought to be unlikely.

Even so, based on June quarter figures, it would take only a small shift in investment funds to reverse the net outflow from the movement.

هكذا من الأصل

INTL. COMPANIES & FINANCE

Marginal decline in group profit at Bank of Tokyo

BY OUR FINANCIAL STAFF

THE BANK of Tokyo, the Japanese bank specialising in foreign exchange recorded a marginal fall in net profits on a consolidated basis in the year to March 31, to Y22.14bn ($101.6m) from Y22.29bn in 1978-79.

The parent's profits for the year fell by 9.5 per cent to Y15.96bn, from Y17.63bn, against the background of the weakness of the domestic bond market and the obligation on Japanese banks to hold Japanese Government bonds.

After falling by 4.2 per cent to Y8.74bn in the first half of last year, from the level in the immediately preceding six months, the parent company profits dropped a further 17.4 per cent in the second half, to Y7.2bn.

* * *

MITSUBISHI OIL Company, the Japanese oil refiner, has announced a rise in consolidated net profit for the year to March 31, to Y6.76bn ($31m), from Y209m in the previous year.

Nippon Mining Company, the petroleum and non-ferrous metals concern, increased its consolidated net income for the same year five times, to Y7.86bn ($36m), from Y1.57bn, and lifted its sales by 71.8 per cent to Y927bn ($4.3bn).

● Japanese oil companies have reported a record combined net profit of Y133bn ($608m) for the year to March, the Japan Petroleum Association said. The net total reported by the Association's 36 oil refiners and wholesalers surpassed the previous record of Y124bn set in 1977-78. The 1979-80 figure was up sharply from the Y54.7bn of the previous year.

The earnings performance was attributed mainly to a series of boosts to the prices of oil products in the domestic market. Prices went up on eight occasions during 1979-80 as the Government loosened its reins on the industry and permitted oil companies to pass sharp crude oil price increases on to the prices of their products.

Bank of Queensland bid dropped

BY JAMES FORTH IN SYDNEY

PLANS for a virtual takeover of Australia's smallest private bank, the Bank of Queensland, have been dropped. The merchant bank, Hill Samuel Australia had been working for several months on a proposal for a group of prominent Queensland-based companies each to purchase a holding of just under 10 per cent of the bank's capital.

Hill Samuel, which had already built up a small holding, of 1 per cent to 2 per cent of the capital, was to be a member of the syndicate. If sufficient companies each bought a stake, collectively they could exercise control, and use the company as a base for a substantial expansion of banking operations.

The Bank of Queensland has an issued capital of only A$4.125m (US$4.8m), but it possesses a banking licence, which is difficult to come by, and is listed on the stock exchange. There has not been a domestic private bank established in Australia since the turn of the century. News of the Bank of Queensland proposal leaked out in March, before the syndicate was ready and before the board of the bank had been approached.

Hill Samuel said yesterday that, following exploratory talks with the Bank of Queensland board, the group concluded that it was unlikely that agreement could be reached on a basis which would enable the proposals to proceed. The merchant bank felt it was necessary to inform the market because of previous speculation

MUI expands interests in banking and sugar

BY WONG SULONG IN KUALA LUMPUR

MALAYAN United Industries (MUI), the actively traded investment group headed by Datuk Khoo Kay Peng, the prominent businessman, has announced a share exchange deal which will give it a substantial stake in a bank, as well as increase its control over Central Sugar.

Under the deal, MUI will acquire 2.155m shares of 1 ringgit each in Southern Banking in exchange for 905,000 new MUI shares of 1 ringgit each. The deal values Southern Banking shares at 4.2 ringgit each and MUI at 10 ringgit each. MUI will then hold 21.5 per cent of Southern Banking, which is a Chinese-owned, unquoted bank.

The seller is Huaren Holdings Berham, a company believed to be controlled by leaders of the Malaysian Chinese Association (MCA), a partner in the Malaysian Government.

In another deal, MUI, which is already holding 56.6 per cent of Central Sugars, will increase its stake to 77.4 per cent by acquiring 5m shares by an issue of 3m new MUI shares.

The seller of Central Sugars shares is Multi-Purpose Holdings Berhad, a group controlled by MCA leaders. The deal values Central Sugars shares at 6 ringgit per share, while MUI shares are valued at 10 ringgit each.The two deals are valued, on paper, at about 40m ringgit ($18.7m). MUI said the acquisitions were for long-term investment.

Southern Banking has a paid up capital of 10m ringgit, and made a pre-tax profit of 2.5m ringgit for the year ended December. MUI shares stood at 11.1 ringgit and Central Sugars at 7.4 ringgit before they were suspended.

Everite lifts first-half earnings

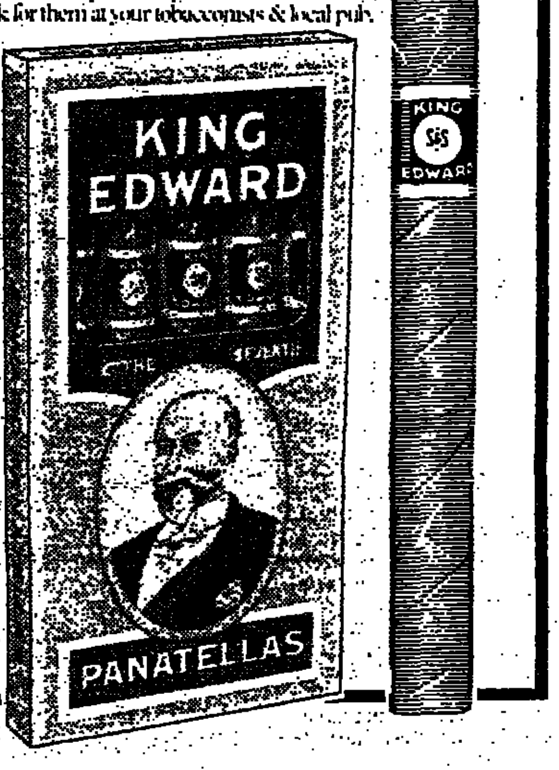
By Jim Jones in Johannesburg

EVERITE, THE South African manufacturer of asbestos and plastic products for the construction industries, has announced an 81 per cent increase in operating profit to R17.3m ($22.6m) for the year to June 30 from R9.55m for the same period of 1979. Turnover was 26.8 per cent ahead at R102m compared with R80.4m.

Although the company expects a further advance in turnover and earnings during fiscal 1981, some constraints are beginning to show. Mr. J. K. Kennedy, the financial director, says that although demand for building materials has soared, brick and labour shortages could lead to a levelling of demand for building products in coming months. At the same time, Everite's asbestos cement products have experienced increasing competition from cement and steel alternatives.

The company plans to spend about R7m on expanding its asbestos cement factory at Klip River in the Transvaal, but further expansion plans are being held in abeyance as the company still has unused capacity in certain areas, particularly the Western Cape.

Dividends totalling 28 cents, against 16.5 cents, have been declared from record earnings per share of 61.1 cents compared with 31.9 cents. Everite is 45 per cent owned by the Switzerland - based Eternit Group.



WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economic Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 16, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.2562
Algeria	Dinar	3.8325
Andorra	French Franc	4.0568
	Spanish Peseta	70.905
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1865.50
Australia	Australian $	0.8609
Austria	Schilling	12.3675
Azores	Portug. Escudo	48.71
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	70.905
Bangladesh	Taka	14.7778
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	27.997
	B. Franc (F)	28.285
Belize	Belize $	2.00
Benin	C.F.A. Franc	202.84
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.7942
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7754
Brazil	Cruzeiro	52.21
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.132
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	202.84
Canada	Canadian $	1.1531
Canary Islands	Spanish Peseta	70.905
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	202.84
Chad	C.F.A. Franc	202.84
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	47.38
Comoros Islands	C.F.A. Franc	202.84
Congo (Brazaville)	C.F.A. Franc	202.84
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3529
Czechoslovakia	Koruna (O)	5.50
Dem. Rep. S'oTome & Principe	S. Tome Dobra	34.0352
Denmark	Danish Krone	5.417
Djibouti Rp. of	Djibouti Franc	168.563
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Equador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	70.905
Ethiopia	Birr (O)	2.0655
Faroe Islands	Danish Krone	5.417
Falkland Islands	Falkland Is. £*	2.373
Fiji Islands	Fiji $	0.803
Finland	Markka	3.606
France	French Franc	4.0568
French C'ty in Af.	C.F.A. Franc	202.84
French Guiana	Local Franc	4.0568
French Pacific Is.	C.F.P. Franc	72.0607
Gabon	C.F.A. Franc	202.84
Gambia	Dalasi	1.6856
Germany (East)	Ostmark (O)	1.7475
Germany (West)	Deutschemark	1.7475
Ghana	Cedi	2.75
Gibraltar	Pound*	2.373
Gilbert Is.	Aust. $	0.8609
Greece	Drachma	42.625
Greenland	Danish Krone	5.417
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.0568
Guam	U.S. $	1.00
Guatamala	Quetzal	1.00
Guinea Bissau	Peso	35.095
Guinea Republic	Syli	18.5672
Guyana	Guyanese $	2.5533
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.907
Hungary	Forint (O)	32.6022
Iceland	I. Krona	429.70
India	Ind. Rupee	7.7942
Indonesia	Rupiah	625.00
Iran	Rial	69.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt*	2.148
Israel	Israeli Pound (4)	50.50
Italy	Lira	831.45
Ivory Coast	C.F.A. Franc	202.84
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	218.88
Jordan	Jordan Dinar	0.2915
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.2659
Korea (Nth)	Won	0.94
Korea (Sth)	Won	603.00
Kuwait	Kuwait Dinar	0.2669
Lao P'pls D. Rep.	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.4175
Lesotho	Loti	0.7651
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.6115
Luxembourg	Lux Franc	27.997
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	202.84
Madeira	Portugese Escudo	48.71
Malawi	Kwacha	0.8125
Malaysia	Ringgit	2.14
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	405.68
Malta	Maltese Pound	0.3375
Martinique	Local Franc	4.0568
Mauritania	Ouguiya	40.568
Mauritius	M. Rupee	7.5216
Mexico	Mexican Peso	22.96
Miquelon	French Franc	4.0568
Monaco	French Franc	4.0568
Mongolia	Tugrik (O)	3.3555
Monserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.7022
Mozambique	Moz. Escudo	28.4029
Namibia	Rand	0.7651
Nauru Is.	Aust. $	0.8609
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9103
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.8609
	FNH	65.5591
New Zealand	NZ $	1.0118
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	202.84
Nigeria	Naira (O)	0.5803
Norwa	Norw'g Krone	4.8175
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N.G.	Kina	0.67
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	270.24
Philippines	Ph. Peso	7.5035
Pitcairn Islands	NZ $	1.0118
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	48.71
Port Timor	Timor Escudo	n.a
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.0568
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling*	2.373
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.0568
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	831.45
Saudi Arabia	Saudi Riyal	3.3188
Senegal	C. F. A. Franc	202.84
Seychelles	S. Rupee	5.6174
Sierra Leone	Leone	0.8428
Singapore	Singapore $	2.114
Solomon Islands	S.I. $	0.8609
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7651
Spain	Peseta	70.905
Spanish Ports in North Africa	Sp. Peseta	70.905
Sri Lanka	S. L. Rupee	15.98
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7651
Sweden	S. Krona	4.127
Switzerland	Swiss Franc	1.6115
Syria	Syria Pound	3.9262
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan Shilling	8.2893
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	202.84
Tonga Islands	Pa'anga	0.8609
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4131
Turkey	Lira	74.43
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8609
Uganda	Ug. Shilling	7.2859
United Arab Emir.	UAE Dirham	3.6895
United Kingdom	£ Sterling*	2.373
Upper Volta	C.F.A. Franc	202.84
Uruguay	Urug. Peso	9.036
U.S.S.R.	Rouble	0.6435
Vatican	Italian Lira	831.45
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.883
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.30
Zaire Republic	Zaire Zaire	1.9675
Zambia	Kwacha	0.7704
Zimbabwe	Zim $	0.6935

n.a. Not available. * U.S. dollars per National Currency unit (O) Official rate. (C) Commercial rate (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar weak

Interest rate considerations continued to dominate quiet foreign exchange trading yesterday, while the recent announcement of further poor balance of payments figures from Italy, and a sharp improvement in the Japanese trade figures had little influence on the lira or the yen. The decline in U.S. interest rates, amid speculation of a further easing of the Federal Reserves' monetary policy, pushed the dollar down against most major currencies. The U.S. unit finished at DM 1.7360 against the Deutsche Mark, compared with DM 1.7435 previously, and at SwFr 1.5960 compared with SwFr 1.6045 against the Swiss franc. It fell to Y218.45 from Y218.75 in terms of the yen, and to L827.50 from L831 against the lira. The dollars index, as calculated by the Bank of England, fell to 82.8 from 83.0.

Sterling showed little reaction to the lack of change in Bank of England Minimum Lending Rate, but finished firmer on the day. The pound fell to $2.3700-$2.2710 in the morning, but firmed before lunch, and reached a peak of $2.3815-2.3825 in the afternoon, before closing at $2.3805-2.3815, a rise of 85 points on the day. Its index, on Bank of England figures, was unchanged at 74.5, after falling to 74.3 at noon and in the morning.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer trend against the dollar following a sharp narrowing of interest rate differentials. The D-mark was generally firm at the Frankfurt fixing, gaining ground against the dollar, sterling and most members of the EMS. The Bundesbank bought $750,000 when the dollar was fixed at DM 1.7368, compared with DM 1.7476 previously, but little changed from its opening level of DM 1.7365. Interest rate factors continued to influence trading, with the market waiting to see the level of U.S. Federal funds after the recent downward trend. Sterling fell to DM 4.1200 from DM 4.1430, but recovered shortly after the fixing on news that Bank of England Minimum Lending Rate was unchanged. By mid-afternoon the pound had picked up to DM 4.1300. The Swiss franc was fixed at DM 1.08705, compared with DM 1.0840, but EMS currencies generally weakened, with the French franc falling to DM 43.035 per 100 francs from DM 43.075.

ITALIAN LIRA — Still the weakest currency within the EMS, but showing a steadier tendency following the early July support package—The lira remained steady in Milan, despite the recent worsening of Italy's balance of payments position. Figures announced on Wednesday showed an overall payments deficit of L783bn in June, slightly better than May's shortfall of L849bn, but sharply worse than last June's surplus of L180m. The lira opened slightly weaker against other members of the EMS, and the Swiss franc, but then stabilised in calm trading. The dollar was depressed by the lower trend in U.S. interest rates, and was fixed at L827.30.

JAPANESE YEN—Steady in recent weeks, after showing a marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency—The yen was slightly firmer against the dollar in moderate Tokyo trading. The U.S. currency finished at Y218.05, compared with Y219.20 on Wednesday night, and yesterday's opening level of Y218.40.

THE POUND SPOT AND FORWARD

July 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3700-2.3825	2.3805-2.3815	1.52-1.42c pm	7.41	3.70-3.60	6.13
Canada	2.7260-2.7390	2.7370-2.7380	1.25-1.15c pm	5.26	3.13-3.03 pm	4.80
Nethlnd.	4.50-4.53½	4.52-4.53	2½-1½c pm	5.30	6-5 pm	4.86
Belgium	65.95-66.40	66.25-66.35	17-7c pm	2.17	36-26 pm	1.87
Denmark	12.74-12.81	12.79¾-12.80¾	1-2½ore dis	−1.64	8-9½ dis	−2.75
Ireland	1.1005-1.1045	1.1020-1.1030	0.03p pm-par	0.16	0.15-0.10 pm	0.45
W. Ger.	4.11-4.14½	4.13-4.14	3-2pf pm	7.25	7-6 pm	6.29
Portugal	115.10-115.90	115.70-115.90	par-25c dis	−1.29	13-83 dis	−1.65
Spain	167.80-168.65	168.55-168.65	60-10c pm	2.49	238-325 dis	−6.66
Italy	1,961-1,971	1,969-1,970	6½-8½lire dis	−4.67	31½-34½ dis	−6.70
Norway	11.37-11.44	11.43-11.44	8-6½ore pm	7.61	17¼-15½ pm	5.74
France	9.56-9.62	9.60½-9.61½	3¼-2¼c pm	4.06	8¼-7¼ pm	3.23
Sweden	9.74-9.79	9.78-9.79	2¼-1⅞ore pm	2.61	2¼-2⅞ pm	0.57
Japan	516-522	520-521	1.75-1.40y pm	3.63	4.00-3.65 pm	2.06
Austria	29.20-29.40	29.33-29.38	14-12gro pm	5.31	33-29 pm	4.28
Switz.	3.77½-3.81½	3.79¾-3.80¾	4-3c pm	11.04	10-9 pm	9.98

Belgian rate is for convertible francs. Financial franc 66.90-67.00. Six-month forward dollar 5.37-5.27c pm. 12-month 7.35-7.25c pm.

THE DOLLAR SPOT AND FORWARD

July 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3700-2.3825	2.3805-2.3815	1.52-1.42c pm	7.41	3.70-3.60 pm	6.13
Ireland†	2.1535-2.1615	2.1585-2.1615	1.40-1.30c pm	7.50	3.65-3.55 pm	6.67
Canada	1.1495-1.1506	1.1500-1.1503	0.22-0.26c dis	−2.50	0.51-0.56dis	−1.86
Nethlnd.	1.8970-1.9028	1.9015-1.9025	0.20-0.30c dis	−1.58	0.45-0.55dis	−1.05
Belgium	27.81-27.88½	27.83-27.85	11-12½c dis	−5.06	26-29 dis	−3.95
Denmark	5.3760-5.3850	5.3835-5.3850	3¾-4¼ore dis	−8.91	11¼-11½ dis	−8.34
W. Ger.	1.7330-1.7390	1.7358-1.7365	par-0.10pf dis	−0.34	10 pm-par	−0.11
Portugal	48.50-48.70	48.55-48.65	30-40c dis	−8.63	70-110 dis	−7.40
Spain	70.70-71.00	70.90-71.00	75-95c dis	−14.39	210-250dis	−12.98
Italy	827.10-828.10	827.60-828.10	7½-9½lire dis	−12.32	26-29 dis	−13.29
Norway	4.7955-4.8045	4.8030-4.8045	0.10-0.60ore dis	−0.87	0.95-1.45dis	−1.00
France	4.0330-4.0375	4.0335-4.0350	1.00-1.10c dis	−3.12	2.82-2.97dis	−2.87
Sweden	4.1075-4.1125	4.1075-4.1085	1.60-1.75ore dis	−4.89	5.30-5.45dis	−5.23
Japan	217.80-218.90	218.40-218.50	0.65-0.80y dis	−3.98	1.80-1.95dis	−3.42
Austria	12.32-12.34	12.32½-12.33½	2.00-2.60gro dis	−2.24	5.00-6.75dis	−1.90
Switz.	1.5920-1.6015	1.5955-1.5965	0.55-0.50c pm	3.95	1.60-1.55 pm	3.95

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 17	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.5	−31.7
U.S. dollar	82.8	−10.7
Canadian dollar	81.5	−16.3
Austrian schilling	158.2	+24.8
Belgian franc	116.3	+14.1
Danish kroner	108.2	−3.5
Deutsche mark	156.7	+45.0
Swiss franc	200.9	+81.1
Guilder	126.4	+20.3
French franc	102.5	−5.2
Lira	53.2	−51.3
Yen	129.1	+27.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.560188	0.608205
U.S. $	11	1.33787	1.44264
Canadian $	10.44	1.52904	1.66440
Austria Sch.	6¾	16.4696	17.9091
Belgium F	13	37.1804	40.3009
Danish K	13	7.19174	7.79114
D'mark	7½	2.32059	2.51463
Guilder	9½	2.53628	2.74988
French Fr.	9½	5.38783	5.84856
Lira	15	1104.12	1198.35
Yen	9	291.335	315.670
Norwgn. Kr.	9	6.40100	6.94221
Spanish Pts.	8	94.0969	102.124
Swedish Kr.	10	5.48211	5.94838
Swiss Fr.	3	2.13986	2.31700

OTHER CURRENCIES

July 17	£	$		£ Note Rates
Argentina Peso	4431-4461	1865-1872	Austria	29.05-29.35
Australia Dollar	2.0465-2.0505	0.8600-0.8605	Belgium	66.25-67.85
Brazil Cruzeiro	123.64-124.64	52.115-52.315	Denmark	12.73-12.85
Finland Markka	8.52-8.54	3.5960-3.5980	France	9.53½-9.59½
Greek Drachma	100.946-103.280	42.40-43.55	Germany	4.11-4.14
Hong Kong Dollar	11.66-11.68	4.9070-4.9090	Italy	1920-1965
Iran Rial	n a	n a	Japan	517-532
Kuwait Dinar (KD)	0.629-0.635	0.2654-0.2655	Netherlands	4.49½-4.53½
Luxembourg Frc.	66.25-66.35	27.83-27.85	Norway	11.35-11.45
Malaysia Dollar	5.0810-5.0930	2.1385-2.1405	Portugal	113-116
New Zealand Dlr.	2.4020-2.4070	1.0095-1.0105	Spain	162½-169½
Saudi Arab. Riyal	7.84-7.90	3.3180-3.3195	Sweden	9.74-9.81
Singapore Dollar	5.0080-5.0200	2.1075-2.1095	Switzerland	3.77-3.80
Sth. African Rand	1.8165-1.8170	0.7630-0.7635	United States	2.37¼-2.38¼
U.A.E. Dirham	8.72-8.78	3.6880-3.6910	Yugoslavia	62¼-65½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3035	+1.29	+0.62	±1.53
Danish Krone	7.72336	7.78635	+0.82	+0.15	±1.64
German D-Mark	2.48208	2.51456	+1.31	+0.64	±1.125
French Franc	5.84700	5.84121	−0.10	−0.77	±1.3567
Dutch Guilder	2.74362	2.74983	+0.23	−0.44	±1.512
Irish Punt	0.668201	0.670812	+0.39	−0.28	±1.668
Italian Lira	1157.79	1197.70	+3.45	+2.87	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 17	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.381	4.135	520.5	9.610	3.803	4.525	1970.	2.738	66.30
U.S. Dollar	0.420	1.	1.737	218.6	4.036	1.597	1.900	827.2	1.150	27.85
Deutschemark	0.242	0.576	1.	125.9	2.324	0.920	1.094	476.3	0.662	16.03
Japanese Yen 1,000	1.921	4.574	7.944	1000.	18.46	7.305	8.694	3784.	5.259	127.4
French Franc 10	1.041	2.478	4.303	541.6	10.	3.957	4.709	2049.	2.849	68.99
Swiss Franc	0.263	0.626	1.087	136.9	2.527	1.	1.190	517.9	0.720	17.44
Dutch Guilder	0.221	0.526	0.914	115.0	2.124	0.840	1.	435.2	0.605	14.65
Italian Lira, 1,000	0.508	1.209	2.100	264.3	4.879	1.931	2.298	1000.	1.390	33.66
Canadian Dollar	0.365	0.870	1.511	190.1	3.511	1.389	1.653	719.5	1.	24.22
Belgian Franc 100	1.508	3.591	6.237	785.1	14.49	5.735	6.825	2971.	4.129	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 17)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 3/16	offer 9 5/16	bid 9 3/8	offer 9 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16¾-17	8⅝-8⅞	10-12	10½-10¾	2-2½	9-9⅛	11⅞-12⅛	14-17	25½-25⅝	11¾-12¼
7 days' notice	16½-16¾	8¾-9	10-12	10⅜-10⅝	3½-4	9-9⅛	11⅞-12⅛	19½-21½	8⅞-9⅛	12⅛-12⅜
Month	16¼-16½	8⅞-9⅛	10⅞-11⅛	10⅛-10⅜	5⅛-5¼	9⅛-9¼	11⅞-12⅛	20¾-22¼	9-9⅛	12⅝-12⅞
Three months	15⅜-15⅝	9-9¼	10⅝-11	10-10¼	5⅜-5⅝	9-9⅛	11⅞-12⅛	21½-22½	9⅛-9⅜	12⅛-12⅜
Six months	14¼-14½	9-9¼	10½-10⅞	10-10¼	5⅜-5½	8⅝-8¾	11⅞-12⅛	21½-22½	9⅜-9⅝	11⅜-11½
One Year	13⅛-13⅜	9½-9¾	10⅜-10¾	10-10⅛	5-5⅜	8⅛-8¼	12-12¼	19½-20½	9½-9⅝	9¾-9⅞

Long-term Eurodollar two years 10⅝-10⅞ per cent; three years 10¾-11 per cent; four years 10⅞-11⅛ per cent; five years 11-11¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.80-8.90 per cent; three-months 8.80-8.90 per cent; six-months 8.80-8.90 per cent; one year 9.10-9.20 per cent.

INTERNATIONAL MONEY MARKET

German rates steady

SHORT TERM interest rates were steady in Frankfurt yesterday, with call money quoted at 9.55-9.65 per cent, almost the same as the Lombard rate of 9½ per cent. Although there should be little problem in raising funds to pay various taxes due before July 25, conditions remain tight. Until the Bundesbank injected funds into the system, the Lombard facility had risen to nearly DM 10bn, but with the aid of DM 3.8bn of short term secured loans, the amount of funds obtained through Lombard now stands at DM 4.1bn. However market sources suggested that, given the relative stability of the market at the moment, the authorities are unlikely to cut interest rates at the central bank council meeting on July 24. This is the last meeting before the summer break, with the next meeting scheduled for August 21.

In Paris the Bank of France offered further credit facilities to the market through purchases of first category paper. Banks requiring funds will offer paper in three maturity bands of July 24-30, August 1-10, and August 11-20. The amount of the facility and the interest rate are due to be announced today. The [illegible] last bought first category [illegible] on July 11 at an unchanged rate of 12 per cent. In the money market call money was quoted at 12¼ per cent compared with 12 per cent on Wednesday, while period rates declined by ⅛ of a point.

UK MONEY MARKET

Very large help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills from banks and very large loans to nine or 10 discount houses at MLR, for repayment today. The market was faced with a small excess of revenue transfers to the Exchequer over Government disbursements and funds were drained in respect of gilt sales. In addition banks brought forward balances a small way below target. On the other hand there was a small decrease in the note circulation. Discount houses were paying up to 16 per cent for secured call loans at the start, with later balances taken between 15 per cent and 15½ per cent.

In the interbank market, overnight loans opened at 16½-16¾ per cent and rose to 17¼-17½ per cent before falling quite sharply around noon to 16¼-16½ per cent. Rates crept back to 17¼-17½ per cent during the lunchtime period but eased to 15½-16 per cent soon after, and touched 12 per cent at one point before coming back to 16½ per cent.

GOLD

Weaker trend

Gold closed unchanged in the London bullion market yesterday at $624-627, but showed a weaker trend during the day. The metal opened at $627-630, and was fixed at $630.25 in the morning, and $627.25 in the afternoon. It touched a peak of $633-635, and finished at the lowest point of the day.

In Paris the 12½ kilo gold bar was fixed at FFr 83,000 per kilo ($639.87 per ounce) in the afternoon, compared with FFr 83,400 ($643.67) in the morning, and FFr 83,000 ($636.24) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,230 per kilo ($631.04 per ounce), compared with DM 35,175 ($628.02), and finished at $626-629, against $624-627 previously.

In Zurich gold closed at $626-629, compared with $624-628 on Wednesday.

	July 17		July 16	
Gold Bullion (fine ounce)				
Close	$624-627	(£262-263½)	$624-627	(£263-264½)
Opening	$627-630	(£264-265½)	$602-605	(£254-255¼)
Morning fixing	$630.25	(£265.458)	$624.50	(£263.258)
Afternoon fixing	$627.25	(£263.861)	$624.75	(£263.219)
Gold Coins				
Krugerrand	$645-647	(£271-273)	$645-648	(£272-274)
Mapleleaf	$641-644	(£269¼-271¼)	$639-643	(£269½-272½)
New Sovereigns	$159-160	(£66¾-67¾)	$159-160	(£67-68)
King Sovs	$183-185	(£76½-77½)	$182½-184½	(£77-78)
Victoria Sovs	$183-185	(£76½-77½)	$182½-184½	(£77-78)
French 20s	$157-170		$165-168	
50 pesos Mexico	$772-777		$775-780	
100 Cor. Austria	$615-620		$610-615	
$20 Eagles	$755-758		$750-755	
$10 Eagles	—	—	—	
$5 Eagles	—	—	—	

MONEY RATES

NEW YORK

Prime Rate	11¼-11½
Fed. Funds	8½-8¾
Treasury Bills (13-week)	7.70
Treasury Bills (26-week)	7.71

GERMANY

Discount Rate	7.5
Overnight Rate	9.60
One month	9.75
Three months	9.70
Six months	9.25

FRANCE

Discount Rate	9.5
Overnight Rate	12.125
One month	11.9375
Three months	11.9375
Six months	11.75

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.5
Bills Discount (three-month)	12.8125

LONDON MONEY RATES

July 17 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-17½	—		—	15⅝-17¼	15-16	—	—	—
2 days notice	—	—	16⅝-16¾		—	—	—	—	—	—
7 days or	—		—		—	—	—	—	—	—
7 days notice	—	16⅛-17⅛	16⅝-16¾	—	—	—	—	—	—	—
One month	16⅛-16½	16⅜-16½	16½-16⅝	17⅛-17⅝	17⅛	17-17¼	15¾-16	—	—	—
Two months	16-16⅛	16-16⅛	—	16¾-16⅞	16¾	16⅞	15⅝-15⅞	14⅞	16⅜-16⅝	16⅞
Three months	15⅜-15⅝	15½-15⅝	15⅛-15¾	15½-15⅞	16⅝	—	15⅛	14⅝-14⅞	15⅞	16¼
Six months	14-14⅛	14¼-14⅜	14¼-14½	14-14⅜	14⅝	16-16½	14⅝-14½	14⅜-14⅝	14⅞-15	15⅝
Nine months	13¼-13⅞	13½-13⅝	—	14⅛-14⅜	13⅞	15¼	—	—	13⅞-13⅛	13⅞
One Year	12⅞-13⅛	13⅛-13⅛	13¼-13½	13¼-13½	13¾	14¼	—	—	—	—
Two years	—	—	13¼-13½			14½	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¼-13½ per cent; four years 13¾-13½ per cent; five years 13¾-13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¼-14⅜ per cent; four-month trade bills 15¼ per cent.

Approximate selling rate for one-month Treasury bills 14⅞ per cent; two-months 14½ per cent; three-months 14¾-14⅞ per cent. Approximate selling rate for one-month bank bills 16⅝-16¾ per cent; two-months 16 per cent; three-months 15⅞ per cent; one-month trade bills 16¾ per cent; two-months 16 per cent and three-months 15¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills. Average tender rates of discount 14.4324 per cent

Dow 2.4 higher at midsession

UTILITIES dominated another heavy trade on Wall Street yesterday morning as the market in general showed renewed firmness.

The Dow Jones Industrial Average improved 2.39 more to 906.83 at 1 pm, while the NYSE All Common Index added 36 cents at $68.90 and advances led declines by a two-to-one majority. Volume came to 32.21m shares, against the 1 pm figure for Wednesday of 32.80m.

Analysts said institutional investors were taking profits in some of the recently strong Utilities but buying others to improve the quality of their Utility portfolios.

Meanwhile, the overall market benefited from news that Chase Manhattan Bank and First Chicago Bank had cut their Prime Rate to 11¼ per cent from 11½, joining Citibank at the 11¼ level.

The Standard and Poors 500 stock price index topped its prior record closing level, hitting 120.31 just after noon. The previous record close was 120.24 on January 11, 1973.

Schlumberger gained 2¼ to $123¼ on announcing a three-for-two stock split. Hospital Corporation of America put on 1¾ to $43¾ on sharply higher second-quarter net profits. Sperry rose $1 to $53¾ on a fiscal first-quarter earnings improvement.

General Telephone and Electronics reported a sharp decline in second-quarter earnings but gained ¼ to $28¼ in active trading. International Telephone, also active, put on ⅜ to $30.

THE AMERICAN SE Market Value Index rose 2.58 to 310.46 at 1 pm. Volume 3.63m shares.

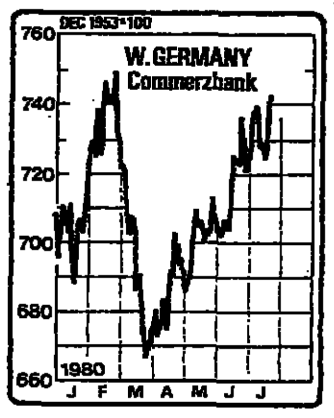
Canada

Fairly widespread gains were also recorded on Canadian markets in busy early trading. The Toronto Composite Index put on 8.9 to 2126.8 at mid-day, while Golds rose 58.5 to 4,450.4 and Oil and Gas 34.2 to 4,949.7.

Germany

Still buoyed by speculation that the Bundesbank may shortly reduce interest rates, shares mostly gained fresh ground, lifting the Commerzbank index 6.0 more to 742.4 for a three-day rise of 18 points. Turnover was high, with renewed interest from abroad, especially from the OPEC countries.

Linde added DM 9 at DM 334 in Engineerings, while Bayerische Hypothekenbank also gained DM 9 at DM 262 and Dresdner Bank put on DM 3.10 at DM 201.00. Kaufhof rose DM 5.50 in Stores.



Among Chemicals, Schering improved DM 7 and Hoechst DM 0.80. However, Bayer shed DM 0.70, sentiment affected by the explosion at the Leverkusen factory, which may present production problems.

Public Authority Bonds advanced by as much as 60 pfennigs more, with the Bundesbank selling a very substantial DM 75.1m of stock (DM 36.7m).

Australia

After the recent setback in the Minings and Oils sectors share price were in much brighter mood yesterday, with Industrials also tending to improve.

The Sydney All Ordinaries index advanced 11.81 to 915.31 and the Metals and Minerals subgroup index moved ahead 134.08 to 5,720.95.

News that the Nagoorin partners had intersected a continuous section of oil shale pushed operator Esperance up A$1.30 to A$6.30 and consortium member, Greenvale ahead A$1.10 to A$5.30.

Elsewhere in Oils, Bridge Oil rose 35 cents to A$3.95, Crusador Oil 15 cents to A$3.70 and Hartogen 10 cents to A$4.50, but Strat Oil, A$2.75, shed 25 cents of its recent sharp rise.

On the Industrial boards, BHP and CSR, which have natural resources interests, climbed 35 cents to A$15.15 and 20 cents to A$7.30 respectively.

Gold stocks performed strongly following a sharply higher Bullion price in New York overnight, and Central Norseman and GMK each added 90 cents at A$11.40 and A$8.60 respectively.

Newly reorganised Western Resources finished its first day on the Mining boards at A$1.10, up 75 cents on the issue price.

Western Mining rose 14 cents to A$5.22, MIM 10 cents to A$4.70, Bougainville Copper 20 cents to A$2.60, Peko 20 cents to A$8.20 and Queensland Mines 30 cents to A$8.30.

Tokyo

Continuing to draw strength from the recovering international Bullion price, Gold shares moved sharply higher in fairly active trading. Dealers added that quaterly reports from the gold producers were making little impact.

Gains stretched to 375 cents, as in West Dries, R97.75, while Kloof rose 350 cents to R37.00 and Western Holdings 300 cents to R83.50.

Mining Financials moved ahead with Golds, Amgold climbing R7 to R110 and Anglos 50 cents to R17.50. Platinums and Industrials also mainly gained ground.

Stock prices again showed no decided trend after another fair business, turnover equalling Wednesday's figure of 330m shares. The Nikkei-Dow Jones Average closed a marginal 5.74 down at 6,810.41.

Some energy-related shares, Trading Houses and large-capital issues met selling, Mitsui Mining losing Y11 to Y645, Mitsui Y6 to Y383, Teikoku Oil Y50 to Y1,140, Arabian Oil Y20 to Y2,810 and Dowa Mining Y11 to Y458.

On the other hand, several leading Light Electricals advanced, Sony gaining Y30 at Y2,230, Pioneer Electronic Y40 at Y2,040 and TDK Electronic Y50 at Y2,440.

Elsewhere in export-orientated issues, Canon rose Y9 to Y635 and Toyota Motor Y10 to Y750, but Nissan Motor receded Y8 to Y635.

Pharmaceuticals and Construvtions improved afresh initially, but closed mixed after late late profit-taking.

Hong Kong

Shares recouped a fair portion of Wednesday's sharp falls in fairly active trading yesterday. Most of the recovery came early in the session as the overnight gold price rally staved off fears of further margin calls, the cause of large-scale share liquidations the previous day. The Hang Seng index, after retreating 37.15 on Wednesday, picked up 17.85 to 1,077.74, about 27 points below Monday's seven-year high.

Some leaders finished below the day's best, with Jardine Matheson a net 60 cents up at HK$ 19.50, after touching HK$ 19.80. Hutchison Whampoa regained 40 cents at HK$ 10.60.

Cheung Kong put on 60 cents to HK$ 17.30, Hongkong Bank 30 cents to HK$ 16.80, Jardine Securities 25 cents to HK$ 9.90, Green Island Cement HK$ 1.50 to HK$ 56.50 and Sun Hung Kai Properties 40 cents to HK$ 13.40.

Ka Wah Bank closed its first trading day at HK$ 1.92 after reaching a high of HK$ 2.00, well up on its HK$ 1.30 issue price.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

Stock	July 16	July 15
Abitibi	19¾	20
Agnico Eagle	14⅜	14¼
Alcan Alumn	32⅝	32½
Algoma Steel	32¾	32¼
Asbestos	35	35⅜
Bk Montreal	27¾	27⅝
Bk Nova Scotia	29¾	29½

BELGIUM (continued)

July 17	Price Frs.	+ or —
Petrofina	4,965	
Royale Belge	5,700	
Soc Gen Banq	2,420	+5
Soc Gen Belge	1,486	+2
Sofina	3,300	−10
Solvay	2,590	−35
Traction Elect	2,510	−10
UCB	1,306	+16

HOLLAND

July 17	Price Fls.	+ or —
ACF Holding	72.5	+0.5
Ahold	64.1xd	−0.4
AKZO	22.4	−0.2
ABN	505	+0.5
AMEV	85.6	+0.7
AMRO	66.5	+0.2
Bredero Cert	177.5	+2.5

AUSTRALIA

July 17	Price Aust. $	+ or —
ANZ Group	4.92	
Acrow Aust	0.95	−0.05
Allstate Expl	1.80	+0.30
Ampol Pet	1.35	
Assoc. Pulp Pap.	2.80	
Audimco	0.28	
Aust Cons Ind	2.20	
Aust Guarant	1.58	+0.05

JAPAN (continued)

July 17	Price Yen	+ or —
Kubota	380	−1
Kumagai	415	+9
Kyoto Ceramic	3,260	+40
Lion	391	−3
Maeda Cons	519	+9
Makita	1010	
Marubeni	169	
Marudai	610	

Indices

NEW YORK ACTIVE STOCKS

THE PROPERTY MARKET BY MICHAEL CASSELL

Costain courts County

COSTAIN is the unnamed party with an interest in acquiring County and District Properties, the family-controlled property and investment group which said on Wednesday that it was having talks which could lead to an offer for its entire share capital.

The first obvious candidate appeared to be Sir Robert McAlpine (CTI), a principal subsidiary of Newarthill, the McAlpine holding company, and which already holds a 22.5 per cent stake in the group.

CTI handles McAlpine's property and investment operations—earlier this year it bought a near-6 per cent stake in William Press—and purchased its County and District stake in November, 1977, from Bishopsgate Property and General Investments, which was then trying to stay alive on a day-to-day basis.

County and District would have its attractions for McAlpine but there are no indications that it might now be tempted to try to do a deal on the back of its existing stake. Yesterday Newarthill was simply saying it was not having talks but would like to know who was. Whether Costain will remain interested if McAlpine wishes to keep its present holding or make its own overtures is uncertain.

Costain, like most other civil engineers, has been trying to reduce its dependence on contracting activities. The strategy is to build up a currently minimal property operation to the point where it accounts for around one-quarter of total assets, a target also being applied to the group's energy-related activities.

Costain does not seem to be totally decided upon the best course of action as far as property expansion goes. While it has boosted its energy operations via acquisition, it appears that property growth could come from purchases or internal expansion — or a combination of both.

So far, the question of the price for County and District has not been raised, but Costain was clearly taken aback by the share price reaction on news of talks. On Wednesday, it rose 55p to close at 210p against a net asset value per share at the end of the last financial year of 145p.

The company, which went public in 1972 and in which the Melville family has a 41.6 per cent stake, offers a useful investment portfolio as well as an active development programme.

Mr. Leslie Melville, chairman and managing director of County and District, started the company in 1960 with his brother, Emanuel, who is still with him on the board. The operation came through the crash having avoided the type of speculative schemes which proved the downfall of others and by the end of its last financial year the book value of its properties, supported by an up to date open market valuation, stood at £25.6m. Pre-tax profits for the previous 12 months had risen to £714,000 against £581,000 before. In the half year to September, 1979, pre-tax profits reached £309,000 and a further improvement was expected.

At present, the group has several major schemes under way or about to start and is enlisting the help of outside funding partners in the process. Earlier this year it announced plans for a £10m office complex close to Spitalfields Market in London and yesterday Mr. Melville confirmed that planning permission for the first 80,000 sq ft phase has been won. Consent for the other 20,000 sq ft appears imminent.

Elsewhere, the group has an office scheme well underway at Hounslow where 70,000 sq ft is going up and it is also starting main works soon on a 159,000 sq ft office development at Harrow.

County and District also holds several other sites which it intends to develop along partnership lines and it has acquired the Old Kensington Town Hall for a major shop and office scheme. Some of the plans are longer-term but the group would offer Costain a sound chance to expand a property investment, dealing and developmen business.

Mr. Melville goes only as far as to say that, come what may, he expects to remain with the company which he started from scratch.

Fee-scale moves provoke opposition

ANY GOVERNMENT moves to allow quantity surveyors and architects to compete freely on prices for their services will be strongly resisted by the Royal Institution of Chartered Surveyors and the Royal Institute of British Architects.

They are concerned that the Government intends to dismantle the present system of negotiating contracts within an agreed framework of fees, established by the two administering bodies and designed to prevent "cut price, cut-throat" competition between quantity surveyors and architects.

The operation of fee-scales has been under threat since November 1977 when separate Monopolies Commission reports on both professions recommended a series of changes to allow greater freedom in negotiating fees.

These proposals have now been resurrected by Mrs. Sally Oppenheim, Minister for Consumer Affairs who, in the last three months, has met leaders of both professions to discuss the best way of implementing the Monopolies Commission recommendations.

However, opposition to the proposals is by no means total. The Institute of Quantity Surveyors has endorsed the Monopolies Commission recommendation which would mean that its members would no longer be restricted by the recommended scale of fees laid down by its more powerful sister organisation the Royal Institution of Chartered Surveyors.

For its part the RICS has accepted that fee-scales should be established by an independent body, although it says that recommended rates are already subject to government agreement. It also stresses that quantity surveyors are only required to conform to fee scales where two or more individuals or partnerships are in competition for work.

"This ensures that competition is based on service offered not on price. The system protects both the client from cut price quality work and also the profession," says the RICS.

The Institution has also said that it has no objection to free price competition in areas—particularly in engineering work—not covered by any of its 13 fee scales.

The RIBA operates a less elaborate framework of fee scales based on the capital value of individual projects. It has said that it is prepared to accept free price competition in the final stages of bidding for work but that clients should initially draw up a short list of applicants on the basis of service offered rather than upon which firm will do work at lowest cost.

Andrew Taylor

BR Property studies role

EVENTS THIS week may have brought closer the time when British Rail Property Board, which administers all BR's property affairs, can escape the public sector straight jacket which has restricted its ambitions.

Today, Sir Peter Parker, chairman of BR, will open a £12m shopping centre in Walsall, West Midlands, built on land in the care of the Property Board but developed by Viking Property and funded by the Prudential.

For the Board, a ground lease taken out by the Pru will add to an already handsome flow of rental income from railway operational and non-operational property, but there is little doubt that, given the chance, it would have liked to play a much greater part in this and many other schemes.

The event which could in time assist such ambitions was the announcement from Mr. Norman Fowler, Transport Minister, that the Property Board—together with BR's shipping and hotel interests—was to be included in the Government's "privatisation" strategy aimed at reducing public sector borrowing.

The type of full-scale denationalisation sought by some is not apparently on the cards but Mr. Fowler and his colleagues are considering measures which will be sufficient to alter the basis on which the Property Board and the other bits and pieces of BR operate.

In the list of Mr. Fowler's priorities, the Property Board is not at the top—recognition that, unlike the other BR off-shoots, the property division represents an integral part of the railway's managerial organisation which cannot simply be hived off.

But changes there will be and while there is the prospect of some of the Board's £180m non-operational property assets (now producing a third of property income) being sold off, there are also hopes within the Board that its development role could be enhanced rather than stifled by the new strategy.

At present, the Board remains a frustrated developer but a successful landlord, last year reaping in gross rental income of over £42m and selling off £13.7m of surplus land. Unable to incur "substantial" expenditure on acquisition or development for non-operational purposes without consent from the Minister and also governed by the external borrowing limits of BR, its opportunities have been scarce.

To overcome the obstacle, however, the Property Board has pursued an active programme of co-operation with private sector companies and funds on lines which have proved successful and which could point the way for future progress.

It has, at the same time, managed to see through some schemes of its own, though limited resources have kept them to a minimum. The Board has developed an industrial estate in Birmingham and at Bridgwater and others are under-way at Portshead and Glasgow. Its biggest recent "in-house" development was the new Blackfriars office scheme in the City, carried out in conjunction with Kings College, Cambridge and resulting in a new railway station at no cost to BR.

In 1979, over 1.3m sq ft of commercial development space was completed on land in the Board's control and at the start of this year around 4m sq ft of space was being built in partnership with private funders.

With Property Board input largely confined to land supply, as opposed to capital contributions, it is hoping the Government will accept that there will be few grounds for objections to a continuation of its development (as opposed to management) function and that it can play a very positive role in putting together schemes which maximise BR assets.

One possibility being suggested by the Board itself is that private finance could be brought in via the formation of individual development companies to carry out specific schemes.

It is not yet clear whether this type of "privatisaation"—involving private capital on a development basis only — is what the Government has in mind or whether, at the end of the day, it sees the Board's ambitions in the development world as misplaced.

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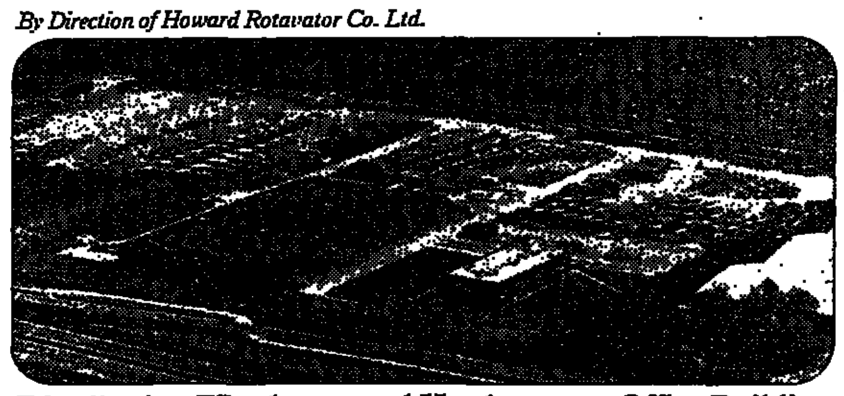

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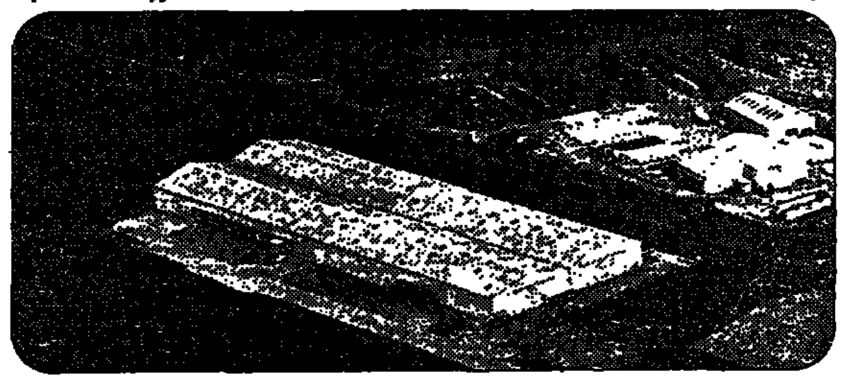

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APPOINTMENTS

Peter Clayton to be Sime Darby London chairman


Mr. Peter Clayton

Mr. Peter Clayton, executive chairman of Butler Till and of Guy Butler (International) has been appointed chairman designate of SIME DARBY LONDON. He will become chairman on October 1 in succession to Mr. Leslie Patterson who is soon to take up a new position for Sime Darby in the Middle East.

★

Mr. Ken Hill has been appointed chairman of WALTER LAWRENCE (CITY) and Mr. Doug Brown becomes managing director. Other board appointments are Mr. Steve Gallacher, Mr. Frank Harold, Mr. Rodney Northwood, Mr. Fred Ponting and Mr. John Vallely.

★

Mr. Graham Clark has become administration director and Mr. Ronald W. Hunt marketing director, on the board of ROYAL SOVEREIGN GROUP, part of DRG (UK).

★

Mr. Alan C. Buttle has been appointed to the board of WILLIAM THYNE (PLASTICS) as financial director and continues as secretary. Marden Packaging International is the parent concern.

★

Mr. A. T. Booth has been appointed chairman and Mr. J. D. Nettleton, deputy chairman of CHARTERHOUSE MAGNA ASSURANCE COMPANY, Milton Keynes.

★

Mr. John Shepherd has been appointed financial director of DALGETY CHEMICALS.

★

Mr. H. J. L. Osbourn has been appointed chairman of CANADA PERMANENT TRUST COMPANY (UK). He was previously development director of Goode Durrant and Murray.

★

Mr. John L. Read has been appointed a director of EQUITY AND LAW LIFE ASSURANCE SOCIETY. He is joint chief executive and a director of Unigate.

★

Mr. Roy T. Westwood has been appointed sales director of PPD ENGINEERING, a member of the Laurence Scott Group company. The position was held previously by Mr. H. F. Lally who resigned earlier in the year.

★

Mr. Tony Miles has been appointed technical director of RACAL RECORDERS. He was formerly chief engineer of the company's instrumentation department.

★

Mr. Richard W. Foss, executive vice president and head of the trust division of Marine Midland Bank, New York, will be appointed senior vice-president investments at CONTINENTAL BANK OF CHICAGO'S trust and investment services department from August 11.

★

Mr. Peter Hammond has joined EROS MAILING as marketing director and Mr. Jeff Wyatt also joins the company as production director. Mr. Tony Parker moves from the Eros Midlands operation where he was director and general manager to a new position of client services director at Feltham, Middlesex. His place as general manager at Erdington has been taken by Mr. Norman Goldsmith.

★

PHILLIPS PETROLEUM COMPANY has elected four executives to new positions: Mr. O. D. Thomas becomes vice president and assistant to the executive vice president of the company's energy resources activities; Mr. W. W. Dunn, vice president of exploration; Mr. R. I. Robinson, vice president of Refining; and Mr. C. B. Friley, assistant treasurer.

★

The following appointments have been made within the CLARKSON INSURANCE GROUP: Mr. C. L. Burgess, Mr. D. A. King and Mr. N. R. Tiley have joined the Board of H. Clarkson (UK); Mr. C. R. Neale has become non marine claims director of the overseas division which includes Construction UK; Mr. R. G. Draper has been made chairman of H. Clarkson Thomas and Co. and Mr. D. Rothwell managing director of that concern.

★

Mr. Leslie Forrester, formerly operating director for the Scottish factories of HONEYWELL CONTROLS SYSTEMS, has been appointed to the newly-created position of deputy managing director, based at Bracknell, Berks, from October 1. At the same time, Mr. Sam Marshall, previously personnel manager for the Scottish factories, becomes personnel director for all the company's UK sales and factory operations. Replacing Mr. Forrester will be Mr. George McIntosh, at present director of production for the industrial products group factory at Uddingston, Lanarks. Mr. Colin Millar, who is director, finance and administration, is to be general manager of Honeywell Europe's Swedish subsidiary from January 1, 1981.

★

Mr. A. W. Cook, chairman and chief executive of the BPC Business Forms Group has been elected vice-president of EFORMA, the International organisation of business forms manufacturers.

★

Mr. D. G. Coombs, managing director of Ferndale Homes South, Mr. M. I. Denny, managing director of Lowe and Brydone Printers, and Mr. M. N. Sanderson, director of Patrician Art Products have been appointed to the Board of FINLAS GROUP.

★

Mr. G. H. Cashmore has been appointed financial director of STAFFORDSHIRE POTTERIES (HOLDINGS) following the retirement of Mr. G. T. Basnett. Mr. Cashmore will continue company secretary.

★

COUNTDOWN CLE[illegible] SYSTEMS a member of Huntleigh Group, has appoi[illegible] Mr. Andy Hutchison as manag[illegible]

★

Mr. Patrick Frhr. von Stau[illegible]berg has been appointed ex[illegible]tive manager, London, BAYERISCHE HYPOTHEK UND WECHSEL-BANK AKTI[illegible] GESELLSCHAFT (HY[illegible] BANK), Germany, which opened its first branch office the City of London at 1 A[illegible] Court.

★

Mr. N. S. Macfarlane, c[illegible] man and managing directo[illegible] Macfarlane Group (Clansm[illegible] has been appointed to the B[illegible] of AMERICAN TRUST C[illegible]PANY.

★

EQUITY CAPITAL [illegible] INDUSTRY states that [illegible] July 31, Mr. A. J. Barrett [illegible] relinquish his appointment [illegible] managing director to return [illegible] industry. He remains on [illegible] Board as a non-executive d[illegible]tor. He will be succeeded [illegible] Mr. J. W. Findlay, deputy ma[illegible]ing director, who is on sec[illegible]ment from the Pruden[illegible] Assurance Company.

★

Mr. D. H. Millard has [illegible] appointed non-executive c[illegible]man of SCHOLEFIELD GO[illegible]MAN AND SONS following retirement of Mr. D. Beharrell. Mr. Millard is al[illegible] director of Finance Corpor[illegible] for Industry—a member of Finance For Industry Grou[illegible]

★

Mr. J. G. Shepley has [illegible] appointed managing directo[illegible] NEI ELECTRONICS. Mr. She[illegible] reports to Mr. F. S. G[illegible] managing director of NEI [illegible]trical Engineering, and joins the Board of that comp[illegible]

★

Mr. Tom Hetherington [illegible] been appointed the first president of J. AND S. ST[illegible] PUMPS.

★

Mr. P. H. Robertjohns [illegible] been appointed finance dir[illegible] of BIBBY AND BARON a [illegible]ber of the Low and Bonar G[illegible] Mr. Robertjohns joins Bibby [illegible] Baron from the Manch[illegible] office of Thomson McLintock [illegible] Co.

★

Sir Monty Finniston has j[illegible] the Board of BLANDBU[illegible] Wolverhampton.

★

Mr. M. G. Martin has [illegible] appointed to the Board of [illegible] KENT.

★

Mr. B. W. Marsh has re[illegible] from the Board of the PHOE[illegible] TIMBER COMPANY.

★

Mr. Richard Attwood has [illegible] appointed chairman of [illegible] WOOD GARAGES. Mr. Chavasse continues as mana[illegible] director.

★

The Council of the C[illegible]TERED INSTITUTE OF TR[illegible]PORT has elected ten new [illegible]nary members of the Counci[illegible] the 1980-81 session to fill v[illegible]cies created by retirements, are Mr. I. Dalton, Mr. J. S. [illegible] Mr. B. R. Hayward, Mr. [illegible] Kirby, Mr. J. H. Richar[illegible] Mr. C. A. Rose, Mr. L. W. [illegible] Mr. C. R. Stuart, Mr. [illegible] Williams and Mr. J. M. B. G[illegible]

Press Council seeks new public membe[illegible]

THE PRESS COUNCIL, w[illegible] dogs of newspapers [illegible] magazines, is seeking new [illegible] members.

Six of the council's 18 members are due to end [illegible] terms in December alth[illegible] some may be re-appointed.

Any individual or group [illegible] make nominations. N[illegible] should reach the Press Co[illegible] 1, Salisbury Square, Lo[illegible] EC4Y 8AE by August 18.

Contests for apprentices

A NATIONAL series of [illegible]petitions for building ap[illegible]tices and trainees—called [illegible]build—organised by [illegible] national joint council for [illegible] building industry, will be [illegible] early next year.

Top apprentices and tra[illegible] crafts—bricklaying, carp[illegible] in the seven main bu[illegible] joinery, painting and de[illegible]ing, plastering, plumbing [illegible] stone masonry—will co[illegible] for awards.

هكذا من الأصل

Canada continues grain ban

OTTAWA—Canada will continue to limit grain sales to the Soviet Union in the new crop year starting in August, Senator Hazer Argue, Wheat board minister said.

Shipments to the USSR will not exceed the traditional level of 5m tonnes a year, he told the senate.

The previous conservative government set a limit of 3.8m tonnes for the current crop year.

Any increase above that limit will depend on the size of this year's drought-affected crop, Mr. Argue said.

Meanwhile Howard Hjort, USDA's chief economist and Thomas Saylor, Associate Administrator of USDA's Foreign Agricultural Service said in Washington. They were unaware of any review of the U.S. administration's embargo policy on grain shipments to the USSR, in spite of growing pressure from various agricultural groups for an end or for modifications.

The National Soyabean Processors Association yesterday asked the White House to eliminate soyabeans and soyabean products from the embargo the national association of wheat growers has also asked for an end to the embargo.

Meanwhile Soviet farmers have harvested grains and pulses from just over 8m hectares, Izvestia Newspaper, quoting central statistical board figures for the period up to July 14, said.

Mexican tuna war with U.S.

By William Chislett in Mexico City

A "TUNA WAR" has flared up between Mexico and the U.S. over disputed rights to catch the fish within Mexico's 200-mile maritime economic zone.

The Mexican Navy has detained about 17 fishing boats in the last week and the U.S., in retaliation, imposed an embargo this week on imports of tuna fish from Mexico.

Several of the boats have been fined $13,000 by the Mexican Government which says that they were fishing illegally in Mexican waters.

Mexico's tuna exports to the U.S. are worth about $20m a year. The U.S., however, does not recognise Mexico's jurisdiction on tuna, since it argues that it is a migratory species and therefore its ground cannot be tied down so easily.

Coffee futures fall continues

BY JOHN EDWARDS, COMMODITIES EDITOR

COFFEE PRICES fell to new 16-month lows on the London robusta futures market yesterday as the recent wave of selling continued. The September position closed £29.50 down at £1,352.50 a tonne after declining to £1,338 at one stage. The market has now lost £100 during the past two days and is over £400 below the levels reached in early June.

Traders are somewhat baffled by the extent of the price decline since the frost threat to the Brazilian coffee crop is by no means over. The danger period lasts until at least mid-August and some Brazilians are now claiming that the frost threat could continue until September because of climatic changes.

The lack of frost so far, and recent forecasts of warmer weather in Brazil, have encouraged selling by speculaters who bought coffee in case of a sudden crop setback and have now decided it is not worth waiting any longer.

But it is believed the main selling pressure on the market ironically is coming from the Bogota Fund group of producers who bought heavily previously to bolster up prices. The Fund is still in the transitional stage of setting up the trading organisation called Pan Café and is thought to be rather short of immediately available ready cash. Once the market was hit by speculative selling, the Group had to find large sums of extra cash to meet increased margin calls and had to sell to avoid further losses.

Moves by the leading coffee producing countries to stop exporting have made little impact, since roasters have been holding off the market waiting until the frost period is over. There was reported to be some consumer buying interest at the lower levels yesterday, which encouraged a slight rally, but the main buying will almost certainly be held until later in the year, as usual.

● Reports of unsold Ghana cocoa arriving in Amsterdam depressed the London cocoa market yesterday. On the futures market the September position closed £18 lower at £1,061 a tonne. Earlier values had risen slightly on news that West German cocoa grindings in the second quarter of this year were 1.7 per cent higher than the comparative period in 1979.

Milk demand drops as farmers seek price rise

BY RICHARD MOONEY

AS Milk Marketing Board figures released yesterday confirmed that the steady decline in UK milk consumption is continuing, the National Farmers' Union renewed pressure on Mr. Peter Walker, the Agriculture Minister, for a further substantial rise in retail milk prices.

The Milk Board figures showed that sales of milk off English and Welsh farms for liquid consumption in June totalled 513.6m litres, 2.84 per cent less than in the same month last year. This compared with a 2.92 per cent year-on-year fall in May and a 2.55 per cent fall for the whole of the second quarter of 1980.

Meanwhile at the NFU's London headquarters Mr. Walker, making a guest appearance at a union council meeting, was urged to grant the 1½p a pint retail price increase requested jointly by the NFU and the Dairy Trade Federation earlier this month. The union wants the rise, which would take the price up to 18p a pint, to take effect from August 1.

Mr. Walker gave no indication whether or not the Government would grant the rise, Mr. Richard Butler, the union's president said after the meeting.

Mr. Butler admitted the price increase would almost certainly result in additional consumption cuts, but he warned that without it production would slump. He said dairy cow slaughterings under the EEC's "non-marketing scheme," which had already reached 160,000 this year, "would rapidly escalate."

Mr. Alan Jackson, he NFU's deputy president, added that if the price was kept at the present level for the rest of this year the British dairy industry's net income, which fell 25 per cent last year, would go down another 50 per cent.

Sugar market rallies

By Our Commodities Staff

THE RECENT pattern of wide fluctuations on the world sugar market was continued yesterday when nearby values on the London futures market staged a substantial rally which wiped out most of Wednesday's fall.

The October quotation ended the day £15.975 higher at £294.5 a tonne—on Wednesday it had fallen £19.225.

There was no overriding factor encouraging the rise, dealers said. They thought it might have been influenced by trade talk of Eastern European buying and news that Yugoslavia had banned exports because of a domestic shortage.

In addition they noted that South Africa had reduced its 1980/81 crop forecast and that Mauritius had announced it would not be selling sugar on the world market this year because of cyclone losses.

The South African Sugar Association now expects its 1980/81 crop to total about 1.68m tonnes compared with 1.72m in its previous estimate. Mr. Peter Sale, the general manager, said this compared with an actual output of 2.08m tonnes in 1979-80. The expected cut was due to the continuing impact of the drought, which has now lasted several months, he said.

But he added that the country's sugar export commitments would be met.

Meanwhile London traders said they thought the U.S. Agriculture Department's recent 8.9m estimate for 1980 Soviet sugar production was too high. They thought a figure of 8.3m tonnes was more likely. Recent poor weather had swelled the beets without raising the sugar content, they explained.

Last year the USSR produced 7.6m tonnes of sugar.

Peru's fishmeal output down

LIMA—Peru's fishmeal production in the first six months of the year totalled 218.714 tonnes compared with 349,501 tonnes in the same period last year. This figure indicates a much lower total output for the year against last year's 650,000 tonnes, Pesca-Peru, the state fishing company, has warned.

Reuter

CEREAL GROWING

In the tracks of Prof. Laloux

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

EARLIER this month I was fortunate enough to visit once again the man whom I believe to have done more for European cereal farmers than anyone else. He is Professor Laloux of the Faculty of Agriculture at Gembloux University in Belgium.

He was the first to develop and publicise a wheat growing system which involved constant monitoring of crops right through the growing season and the treatment of the various ills and deficiences that this monitoring brought to light.

I should explain that until a few years ago it was customary to plant the wheat in the autumn with its requisite fertilizer, spray out the weeds and add nitrogen in the spring if it was thought necessary.

Under the Laloux system, which is practised with variations in most of Western Europe, the crop is tended as thoroughly as if it were a branch of livestock farming or market gardening. Laloux's work coincided with the development of a whole array of chemicals designed to cure the growing crop of fungus and other diseases which can afflict it between sowing and harvest.

There are several approaches to these problems: The Germans, according to the Professor, believe in a mass attack of seed, fertilizer and chemicals. He himself favours a delicate touch with lighter seed rates, half strength chemicals and so on—doing no more than the essentials to get a reasonable result.

Bearing in mind the climatic differences even between North Germany and Belgium, who can really say which is right? Spring in the Baltic where much of the best German cereal farming is found is short and sharp, unlike the milder western areas.

Most of the ills which beset cereal crops start soon after planting, and close to the ground. This is where the good farmer should be found, with his head down trying to identify and diagnose troubles before they start—something which before Laloux few people bothered to do.

This has been made easy by another innovation; tramlining. This means leaving a pair of wheel marks to fit the spraying tractor right across the field, so that during the repeated operations the growing crop is not damaged.

These tramlines are the Professor's trade mark. There is no loss in yield because what is called compensatory growth of the plants alongside the tramlines makes up for the gap in the crop. If the tramlines are not made, there is the danger that where the crop is pressed down by the tractor wheels there will be uneven ripening.

Laloux's teaching has affected us all, and in various ways farmers everywhere are following his example. And as this is usual in human nature many—and here I must plead guilty too — have been using his principles as a short cut to an easier and more profitable life. But what the system will not do is to allow deviations from what might be called good farming.

I was taught that rotation of crops was essential to crop health, that is you divide each cereal crop with another of a different species, such as a legume or a root crop.

Modern chemicals have controlled some of the pests and diseases that afflict the growing plant. But if, for instance, a farmer grows one species year after year on the same land, the build up of disease and weeds can become almost insuperable not wholly controllable by any of the known remedies.

The basis of the Professor's work has been that he hires an acreage of land off a neighbouring farmer, who is already practising a good conventional rotation on a five course system using sugar beat and peas as a break in the cereals. So when he is planting his wheat or winter barley, he is doing so on land which should be in a perfect disease-free environment.

As a said goodbye to the Professor after making what amounted to a confession of my farming misdeeds, he gently admonished me, by repeating what he had said on previous meetings. He could make good farming better, but he could not offer any consolation to those who broke its essential rules.

PORTUGAL'S EEC ACCESSION

A problem of tomato paste

BY JIMMY BURNS IN LISBON

SIG. GIOVANNI MARCORA, Italy's Minister for Agriculture, is in Lisbon to discuss one of the more delicate problems facing the EEC as Portugal negotiates its future membership.

According to a recent study on the agricultural implications of EEC enlargement, Portugal will bring to the Community one of the world's largest and most efficient tomato paste export industries. Since Italy, Greece, Spain and France are also large paste exporters, the study written by Agra Europa, predicts that a tomato paste surplus is likely to be yet another regular problem for the Common Agricultural Policy.

Portuguese officials are disarmingly direct about the problem. "We will not accept any discrimination once we join the Community . . . We expect other countries to phase out their industries so as to make room for us," says Sr. Antonio Cardoso e Cunha, the Portuguese Minister for Agriculture.

Portuguese officials claim that California is the only region in the world that can match Portuguese tomato concentrate in terms of quality. This is due to climatic conditions and long-established production techniques.

Their pride, however, is matched by a profound pessimism. Portuguese tomato paste producers insist that their prospects are being frustrated by the protectionist policies pursued by other European countries, a situation that could lead in the two years that are still left before membership to a serious crisis within the sector.

In contrast to much of Portuguese industry, Portuguese tomato paste exports were traditionally oriented towards that part of Europe which now comprises the EEC. Present member states absorbed 55 per cent of total Portuguese tomato paste exports in 1970. Britain was the biggest net importer accounting for 34 per cent.

This situation changed dramatically when Britain abandoned EFTA and joined the EEC. As a result, Portugal found herself unable to compete with Italy and France and its exports, which account for 90 per cent of total production, have been gradually erroded.

By 1976 the EEC accounted for only 15 per cent of total Portuguese tomato paste exports, and Britain's share had dropped to 9 per cent.

Both the Italians and the French have surpluses, but they are in an advantageous position compared to the Portuguese. They are heavily subsidised — an average of $500 per ton — and are further protected by special tariff concessions within the Community.

By contrast Portuguese tomato paste producers receive no subsidies (Sr. Cardoso e Cunha claims that there is not enough money in the State budget), and, minimum export incentives. In addition they are penalised by heavy import duties within the Community which amount to a virtual quota system.

According to the Portuguese Ministry of Agriculture these factors mean that tomato paste producers in Portugal have a handicap of $180 a tonne in relation to other producers within the EEC.

Portuguese tomato paste exporters expect to widen their markets once Portugal enters the Community in 1983. In the meantime, a question mark hangs over the policies which EEC member states and the Portuguese Government might best adapt to insure the survival of an industry which is in danger of collapsing.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Marginally easier on the London Metal Exchange. After opening at £925 forward metal edged up to £928 owing to modest fresh buying before falling back to end the morning Kerb at £923. In the afternoon an initial sharp rise on Comex was largely ignored by the London market which was trading around the £927 level. However, a reversal of the trend on Comex prompted small-scale selling in London and three months closed the late Kerb at £921. Turnover: 24,575 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	901-2	-7.5	901-2	-2.75
3 months	923-.5	-6.25	923-.5	-2.5
Settlem't	902	-7.5	—	......
Cathodes				
Cash			878-80	-2.5
3 months	887.8	+4	900-2	-2
Settlem't	900-1	-6	—	......
U.S. Prod	888	+4	*97-101	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £902; three months £927, 26, 26.5, 25, 24.5, 24, 23.5. Cathodes: Cash £878, 79, 78. Kerb: Wirebars: Three months £924, 23. Afternoon: Wirebars: Cash £901; three months £927, 26.5, 26, 25.5, 26, 24, 23.5, 23. Kerb: Wirebars: Three months £923, 22.

TIN—Little changed on balance. The rise at Penang and the rejection of all bids at the second of the GSA stockpile sales encouraged bear covering from the outset and lifted forward metal from £7,150 to £7,180. At this level hedge selling was reported and the price fell back to £7,145 by the morning Kerb. During the afternoon the lack of consumer interest and general liquidation depressed the market further as three months dipped to close the late Kerb at £7,100. Turnover 665 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7130-40	+10	7080-90	-55
3 months	7140-50	+25	7110-20	-20
Settlem't	7140	+10	—	......
Standard				
Cash	7130-40	+10	7080-90	-55
3 months	7140-50	+25	7110-20	-20
Settlem't	7140	+10	—	......
Straits E.	‡$2156	+18	—	......
NewYork	—	......	—	......

Morning: Standard: Cash £7,130; three months £7,180, 70, 55, 50, 45. Kerb: Standard: Three months £7,135. Afternoon: Standard: Three months £7,120. Kerb: Standard: Three months £7,110, 7,100.

LEAD—Moved narrowly. Forward metal rose to £338 in the morning following the closing of hedge positions and bear covering, but eased during the afternoon to close the late Kerb at £335.5. Turnover: 21,975 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	324-.5	+2	324-5	+3.75
3 months	335-6	+3	335-6	+4
S'ment	324.5	+2	—	......
U.S. Spot	—	......	*34-6	......

Morning: Cash £324.5; three months £337, 37.5, 38, 37, 38, 36.5, 35. Kerb: Three months £335.5, 36. Afternoon: Three months £336, 35.5, 35. Kerb: Three months £335.5.

ZINC—Held steady in quiet trading with forward metal moving between £300 and £304.5 before closing the late Kerb at £303. Turnover: 3,275 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
	£	£	£	£
Cash	290.5-1.5	-2.5	292-3	......
3 months	303-4	-1	303.5-4	+1.25
S'ment	291.5	-2.5	—	......
Primw'ts	—	......	*35.5	......

Morning: Cash £291.5; three months £304. Kerb: Three months £303, 01, 300, 302, 03. Afternoon: Cash £291.5, 92; three months £303, 02.5, 03, 03.5. Kerb: Three months £303.

ALUMINIUM—Lost ground following profit-taking, speculative selling and chartist selling. After opening at £724 forward metal came under pressure throughout the day and fell away to close the late Kerb at £708. Turnover: 7,025 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+ or —
	£	£	£	£
Spot	739-40	-8	733-5	-13.5
3 months	716.5-7.5	-7.5	714-5	-8

Morning: Cash £744; three months £720, 19, 18, 18.5, 18, 17. Kerb: Three months £714, 12, 13, 14. Afternoon: Three months £714. Kerb: Three months £714, 13, 12, 11, 10, 08, 09, 10, 09.

NICKEL—Slightly easier in subdued trading. Forward metal was barely traded during the morning and came under modest pressure in the afternoon, owing to the firmness of sterling and the easier trend in copper, to end the late Kerb at £2,775. Turnover: 378 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
Spot	2750-5	-15	2750-5	-16
3 months	2790-5	-7.5	2780-5	-10

Morning: Cash £2,765, 60. Afternoon: Three months £2,780, 70, 75, 80, 85, 82. Kerb: Three months £2,780.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was unchanged at £6.730 in the London bullion market yesterday. U.S. cent equivalents of the fixing levels were: spot $15.987, up 3.7c; three-month $16.355, up 5.9c; six-month $16.702, down 4.3c; and 12-month $17.267, up 11.6c. The metal opened at £6.75-£6.85 ($16-$16.2) and closed at £6.60-£6.70 ($15.7-$15.9).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficl'l	+ or —
Spot	673.0p	......	661.75p	-5.25
3 months	698.3p	+0.38	687.50p	-5.6
6 months	721.3p	-0.20	—	......
12months	764.8p	+3.30	—	......

LME—Turnover 92 (84) lots of 10,000 ozs. Morning: Three months 703, 700, 699, 699.5. Kerb: Untraded. Afternoon: Three months 695, 88, 89, 88. Kerb: Three months 887.

COCOA

After the activity recently experienced, futures today were a much more sedate affair, and levels drifted lower to close some £16 below those of Wednesday evening. There was evidence of light consumer offtake, but producers declined to follow the dip and were withdrawn at current prices, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1041-48	-11.5	1055-50
Sep	1060-62	-18	1082-58
Dec	1104-05	-15	1120-02
March	1146-48	-10	1160-44
May	1167-70	-9	1175-73
July	1185-93	-6.5	1197-88
Sept	1208-20	-3.5	1215

Sales: 1,546 (1,836) lots of 10 tonnes.

COFFEE

Robustas registered new contract lows as prices continued to decline in somewhat volatile conditions, reports Drexel Burnham Lambert. A lack of fresh fundamental factors and physical business was seen to prompt further bouts of chartist selling, with buyers seemingly very reluctant to offer any support. Afternoon prices fell a further £20 at the reopening, but mixed dealings and profit-taking from the lows reduced these losses, and values recovered to mid-range to finally finish around £30 down on balance.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1318-17	-30.5	1328-05
Sept	1351-54	-29.5	1380-38
Nov	1376-77	-31.0	1395-60
January	1385-1400	-23.5	1410-1380
March	1370-72	-34.0	1376-55
May	1376-78	-43.0	1390-75
July	1370-1410	-20.0	—

Sales: 6,215 (5,521) lots of 100 tonnes.

ICS Indicator prices for July 16 (U.S. cents per pound). Other Mild Arabicas 163.17 (168.00). Robustas ICA 1976 152.50 (157.00). ICA 1968 152.75 (157.25). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 178.78 (181.42).

GRAINS

LONDON GRAINS FUTURES—Grains opened 10-15p lower. Some country movement precipitated selling pressure on nearbys, and values eased in quiet trading. Buying support at 20p lower on wheat steadied the market to close unchanged to 10p lower on the day. Selling pressure on nearby options kept values generally depressed and values closed 15-40p lower, reports Acli.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept.	96.05	-0.10	91.45	-0.40
Nov.	99.45	......	95.60	-0.25
Jan.	103.50	-0.10	99.40	-0.20
Mar.	106.75	-0.05	102.85	-0.15
May	110.15	-0.05	106.10	-0.15

Business done—Wheat: Sept. 96.15-95.95, Nov. 99.50-99.25, Jan. 103.30-103.20, March 106.70-106.70, May 110.05-110.05. Barley: Sept. 91.60-91.45, Nov. 95.75-95.65, Jan. 99.50-99.40, March 102.90-102.90, May 106.10-106.05.

IMPORTED—Wheat: CWRS No. 1 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, July 100, Aug. 101, Sept. 102 transhipment East Coast. U.S. Hard Winter, 13½ per cent, July 95 transhipment East Coast. EEC unquoted. English feed fob Sept. 100, Oct. 102.50, Oct./Dec. 103.50 East Coast. Maize: French Aug. 123.75 transhipment East Coast. South African Yellow July/Aug. 80.00. Barley: English feed fob Sept. 94.50, Oct. 97.25, Oct./Dec. 99.50 East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

HGCA — Locational ex-farm spot prices. Feed wheat: S. West 116.00, W. Midlands 121.40. Feed barley: S. East 89.00, S. West 89.00, W. Midlands 88.00, N. West 90.00.

RUBBER

The London physical market opened unchanged, was neglected throughout the day, closing slightly easier. Lewis and Peat reported a Malaysian godown price of 284.5 (283.5) cents a kg (buyer, August).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Aug.	56.70-55.80	57.40-57.80	58.80
Sept.	57.80-58.00	58.40-59.00	58.0
Oct-Dec	59.70-59.80	60.50-60.80	60.50-59.70
Jan-Mar	65.00-65.10	65.70-63.80	64.00-63.80
Apr-Jne	65.50-65.00	65.80-66.50	67.20-66.60
Jly-Sept	68.40-68.70	69.40-68.50	—
Oct-Dec	70.80-71.10	71.80-72.00	71.10
Jan-Mar	75.50-75.70	74.50-74.40	—
Apl-June	78.20-78.50	78.80-77.30	78.00

Sales: 214 (316) lots of 15 tonnes, 8 (1) at 5 tonnes.

Physical closing prices (buyer) were: Spot 55.50p (56.00p); Aug. 61.00p (same); Sept. 61.00p (same).

SOYABEAN MEAL

The London market opened firm on commission house buying, reports T. G. Roddick. Weather forecasts continue to predict little change in present hot conditions, and this encouraged fresh buying. Prices finished on the highs with gains of £3.00 to £3.50.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	118.00-21.0	+1.00	—
October	120.90-21.0	+3.05	121.00-18.70
December	124.60-24.7	+3.45	124.70-21.10
February	126.40-26.5	+2.50	127.00-25.90
April	127.80-27.8	+1.80	127.90-25.80
June	128.00-30.5	+1.75	—
August	128.00-30.0		—

Sales: 214 (211) lots of 5 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £255.00 (same) a tonne cif for July-Aug. shipment. White sugar daily price was £296.00 (same).

The market was irregular during the morning. After opening £5-£7 higher, prices later fell back to the overnight levels. Further losses of some £10 occurred during the early afternoon as commission house stop-loss liquidation was touched off, but these losses were immediately recovered following a much better-than-...

better-than-expected New York opening. The rally exposed a lack of selling interest, and prices surged ahead closing around the highs of the day, some £15 above the lows.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug	267.00-70.00	248.00-50.00	268.00-55.50
Oct	284.00-85.00	278.50-78.75	285.00-70.05
Jan	306.00-06.50	291.00-91.75	307.00-290.0
Mch	315.00-06.50	299.50-300.0	314.50-295.0
May	312.00-12.25	298.05-99.75	312.50-296.5
Aug	306.50-09.00	285.00-95.00	308.00-291.5
Oct	238.50-300.0	286.00-91.00	296.50-55.00

Sales: 5,109 (6,456) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales). Aug. 276.00, 277.00, 280.00-263.00, 316; Oct. 299.50, 300.00, 300.00-284.00, 256.9. Sales: 2,885 (4,424).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £344.00 (£354.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 16: Daily price 25.36 (27.52): 15-day average 28.49 (28.94).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 17 tonnes, bringing the total for the week so far to 532 tonnes. Minor replenishment needs were under consideration, but operators were restricted in their approach. Only occasional purchases were mentioned in North and South American growths, African supplies attracting some attention.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 467.5, 468.0, 469.9-467.4, 63; Oct. 456.0, 456.5, 458.0-456.0, 35; Dec. 460.0, 461.0, 463.0-461.0, 65; March 463.0, 464.5, 465.0-464.0, 47; May 465.5, 466.0, 466.5-465.5, 29; July 467.0, 468.5, 468.5-468.0, 15; Oct. 467.0, 469.0, 467.0-466.5, 16; Dec. 466.0, 467.0, 467.0-467.0, 5. Sales: 275.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 358, 365, 362, 1; Oct. 360, 367, 364, 1; Dec. 362, 369, 366, 1; Jan. 368, 369, 368-367, 10; March 370, 376, 371-370, 20; May 373, 377, 375, 10; Aug. 374, 378, 377, 3; Oct. 375, 380, 377, 2; Dec. 375, 380, 376, 10. Sales: 58.

POTATOES

LONDON POTATO FUTURES—The market was quiet, recovering a little of the recent losses, with buying interest moving up the November value towards the close, and other positions following on switch orders, reported Coley and Harper. Closing prices: Nov. 41.00, +70 (high 41.00, low 40.00); Feb. 47.80, +60 (high 47.50, low 47.00); April 54.80, +50 (high 55.00, low 54.00). Total traded 23 lots.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 17 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1770/1790	......	$1650/70
Copper			
Cas w'bar	£901.5	-2.75	£851.5
3 mths	£923.25	-2.5	£875.75
Cash Cathode	£879	-2.5	£824
3 mths	£901	-2	£852
Gold troy oz	$625.5		$600.5
Lead Cash	£324.75	+3.75	£311
3 mnths	£335.5	+4	£320.5
Nickel	£3,248.35	......	£3,248.35
Freemkt (cif lb)	280/310c	......	270/300c
Platin'mtr'y oz	£182.50	......	£182.50
Free mkt	£272.05	-6.25	£270.60
Quicksilver†	$398/410	+2.5	$375/385
Silver troy oz	673.00p		665.40p
3 mths	698.30p	+0.30	691.80p
Tin Cash	£7,085	-35	£7,245
3 mths	£7,115	-20	£7,282.5
Tungsten 22.04lb	$143.88		$139.82
Wolfrm 22.04 lbs	$145/148	......	$142/45.5
Zinc cash	£292.5		£292.0
3 months	£303.75	+1.25	£303.75
Producers	$760	......	$760
Oils			
Coconut (Phil)	$680	......	$645u
Groundnut	‡	......	‡
Linseed Crude	‡	......	£412
Palm Malayan	$595	+15	$560w
Seeds			
Copra Philip	$470 w	......	$425s
Soyabean (U.S.)	$329	+6.6	$267x
Grains			
Barley Futures	£95.60	-0.25	£96.10
Maize			
French No3AM	‡	......	‡
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	£91	......	‡
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,105	-13	£1 176
Future Sept.	£1,061	-18	£1,120.5
CoffeeF t'Sept.	£1,352.5	-29.5	£1,598.5
Cotton A.Index	89.10c	+1.50	83.85c
Rubber (kilo)	55.50	-0.50	58.50p
Sugar (Raw)	£255	......	£330
Woolt'ps 64s kl.	290p kilo	......	281p kilo

u July-Aug. s Sept. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 63.0 to 67.0; Eire hindquarters 73.0 to 76.5, forequarters 42.2 to 44.2. Veal: Dutch hinds and ends 98.0 to 100.0. Lamb: English small 58.0 to 63.5, medium 56.0 to 60.0, heavy 54.0 to 58.0; Imported frozen: New Zealand PL 61.0 to 62.0, PM 57.0 to 59.0. Pork: English, under 100 lb 42.0 to 49.0, 100-120 lb 40.0 to 47.5, 120-160 lb 38.0 to 45.5.

MEAT COMMISSION—Average fatstock prices at representative markets on July 17. GB—Cattle 75.31p per kg liveweight (−1.41). UK—Sheep 134.18p per kg edcw (−1.17). GB—Pigs 69.08p per kg liveweight (+1.91).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Brazilian: Navels 3.00-4.00; Moroccan: 54/113's 3.60-4.00; Cyprus: Valencia Lates 2.20-2.80; Californian Sunkist: Valencia Lates 72/113's 4.80-6.00; Outspan: Navels 3.50-4.95; Jaffa: 168's 1.50. Lemons—Italian: 100/150's 4.50-5.00; Spanis: Trays 25/45's 1.80-2.40, boxes 4.50-6.00. Grapefruit—Outspan: Marsh Seedless 4.05-4.95, Rose 4.50-5.00. Apples—New Zealand: Red Dougherty 12.00-13.00; Australian: Golden Delicious 10.00-10.50; South African: Golden Delicious 11.60-11.80, Granny Smith 11.60-11.80; Dutch: 22 lb Golden Delicious 4.00; French: 40-lb boxes, Golden Delicious 138/198's 9.50-10.00, 20 lb 4.80-5.50; Italian: Romes/Jonathans 40 lb 9.50. Pears—Spanish: Morettini per pound 0.17-0.20, Limonera 0.20-0.22; Chilean: Winter Nelis 9.00-10.00; Victorian: Winter Nelis 10.00. Peaches—Italian: 1½ trays 2.20-3.70; French: 2.00-2.60. Plums—Spanish: Red 1.80-3.00, Gaviota boxes 2.80-3.30, Burbanks 1.80-2.00; Italian: Florentias 20 lb 2.80. Apricots—Spanish: 2.50-3.40; Greek: 5.00. Grapes—Per pound Cyprus: Cardinal 0.40, Perlette 0.55, Sultana 0.60; Portuguese: Cardinal 0.40; Israeli: Perlette per box 5.25. Melons—Israeli: Galia 4.00; Spanish: Marina 5/6's 2.40, Ogen 3.50, Yellow 10 kg 3.00-3.20. Water-melons—Spanish: 2.50; Italian: 3.00. Bananas—Jamaican: 28 lb, per pound 0.17. Tomatoes—Dutch: 2.90-3.00; Guernsey: 2.60-3.20; Jersey: 2.90; French: 2.50. Onions—Spanish: 5.80-6.40; Texas: 7.00; French: 6.00; Moroccan: 6.00. Potatoes—Cyprus: New crop 20 kg 4.10; Jersey: 3.85. Beetroots—Cyprus: New crop, approx. 28 lb 1.00. Cabbages—Dutch: White 2.60-3.20. Courgettes—French: Per pound 0.20. Capsicums—Dutch: 3.80; Italian: 3.00; Spanish: 3.00.

English Produce: Potatoes—Per bag, new 1.50-1.80. Mushrooms—Per pound 0.50-0.70. Apples—Per pound Bramley 0.16-0.24. Strawberries—English per ½ lb 0.20-0.25. Cabbages—Per bag 1.00. Cauliflowers—Per 12's English 2.20-2.60. Peas—Per pound 0.13-0.15. Broad Beans—Per pound 0.10. Beetroots—Per bag 1.20. Cucumbers—Trays 10/20's 1.50-1.80. Tomatoes—Per 12 lb 2.70-2.90. Lettuce—Per 12, round 0.80, Cos 1.00, Webbs 1.00. Carrots—New crop 28 lb 2.60-3.30. Onions—Per bag 5.50-6.00. Celery—English 12/30's 1.20-1.30. Gooseberries—Per pound 0.15, Levellers 0.25-0.35. Cherries—Per pound 0.50. Marrows—Each 0.25. Capsicums—Per pound 0.30.

★

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5-£5.60. Codlings £2.60-£3.60. Haddock (large) £5.00-£5.40, medium £3.80-£4.20, small £2.00-£3.00. Plaice (large) £5.80-£6.30, medium £5.00-£5.80, best small £3.80-£4.50. Skinned Dogfish (large) £8.50-£9.00, medium £7.50. Lemon Soles (large) £7.50, medium £6.00. Saithe £1.20-£2.00.

AMERICAN MARKETS

NEW YORK, July 17.

THE LIVESTOCK complex sold off on indications of larger marketings and stagnant demand caused by extreme heat. Grains and soyabeans were a typical erratic weather market, finishing finally with a rally for moderate net gains. Sugar was sharply higher on short-covering by commission houses. Coffee closed limit down on a total lack of buying interest and trade selling. Cocoa declined on Brazilian selling and some long liquidation. Late rally carried cotton into minor gains on the close. Copper finished moderately higher on light trade buying. Gold was featureless, looking for direction, and profit-taking in silver left the market about unchanged, reported Heinold.

Copper—July 96.45 (95.95), Aug. 96.90 (96.40), Sept. 97.70, Dec. 98.80, Jan. 99.25, March 100.20, May 101.20, July 102.20, Sept. 103.20, Dec. 104.70, Jan. 105.20, March 106.20, May 107.20.

Potatoes (round whites)—Nov. 88.5 (89.1), March 116.8 (116.3), April 143.9. Sales: 3,112.

¶Silver—July 1561.0 (1557.0), Aug. 1565.0 (1561.0), Sept. 1580.0, Dec. 1625.0, Jan. 1640.0, March 1670.0, May 1700.0, July 1730.0, Sept. 1760.0, Dec. 1805.0, Jan. 1820.0, March 1850.0, May 1880.0. Sales: 1,000. Handy and Harman bullion spot 1552.50 (1555.00).

Sugar—No. 11: Sept. 27.89 (26.22), Oct. 29.05 (27.13), Jan. 29.77, March 30.86, May 30.57, July 30.04, Sept. 29.50, Oct. 29.50. Sales: 15,875.

Tin—765.00-781.00 asked (765.00-775.00).

CHICAGO, July 17.

Lard—Chicago loose 22.00 (21.00). New York prime steam unavailable.

Chicago Imm Gold—July 620.0 (625.0), Aug. 623.0 (628.0), Sept. 626.0, Oct. 632.0, Dec. 645.0, Jan. 650.0, March 662.5, April 668.5, June 680.3.

Live Cattle—Aug. 69.82 (70.12), Oct. 67.57 (67.80), Dec. 68.17, Jan. 68.70, Feb. 69.05, April 70.20, June 71.85.

Live Hogs—July 43.77 (45.07), Aug. 40.92 (42.10), Oct. 39.62, Dec. 43.22, Feb. 46.47, April 45.50, June 48.55, July 48.55, Aug. 48.62.

‡‡Maize—July 324½-325½ (317¾), Sept. 328-328½ (323¾), Dec. 337-336, March 344½-344¾, May 350-350½, July 352½.

Pork Bellies—July 41.75 (43.75), Aug. 40.80 (42.80), Feb. 57.30, March 57.20, May 57.80, July 57.65, Aug. 57.20.

Silver—July 1561.0 (1567.0), Aug. 1565.0 (1572.0), Sept. 1578.0, Oct. 1591.0, Dec. 1620.0, Feb. 1650.0, April 1680.0, June 1710.0, Aug. 1740.0, Oct. 1770.0, Dec. —, Feb. —, April 1850.0, June 1890.0, Aug. —, Oct. 1950.0.

†Soyabeans—July 806 (790), Aug. 808-811 (794), Sept. 816-817, Nov. 829, Jan. 834-836, March 845-846, May 846-848, July 845.

‖Soyabean Meal—July 217.5 (215.0), Aug. 219.0 (216.7), Sept. 221.5-221.0, Oct. 223.5, Dec. 228.0-229.0, Jan. 230.0-229.0, March 232.0-232.5, May 232.0-232.5, July 233.0, Aug. 233.0-235.0.

Soyabean Oil — July 28.25-28.30 (27.75), Aug. 28.35-28.30 (27.87), Sept. 28.50-28.45, Oct. 28.50, Dec. 28.65-28.60, Jan. 28.50, March 28.48, May 28.50, July 28.40, Aug. 28.25-28.30.

†Wheat—July 435½-436 (429), Sept. 443-445 (439¾), Dec. 463½-462½, March 475-477, May 482, July 482.

WINNIPEG, July 17. §Barley—July 148.00 (146.00), Oct. 137.90 (136.80), Dec. 136.00, March 135.90, May 136.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 17.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, July $205. U.S. No. 2 Red Winter July $187, Aug. $188.50, Sept. $191. U.S. No. 2 Northern Spring, 14 per cent, July $215.50, Aug. $215, Sept. $216, Oct. $219, Nov. $223, Dec. $230.

Maize—U.S. No. 3 Corn Yellow July $156, Aug. $156, Sept. $157.75, Oct./Dec. $162.75, Jan./March $170.50.

Soyabeans—U.S. Yellow Two Gulfports July $320.50, Aug. $324.50, Sept. $329, Oct. $334, Nov. $335, Dec. $339, Jan. $342.50, Feb. $346, March $348, Argentine July $320, Aug $322.50.

Soyameal—44 per cent protein, U.S. July $257, Aug. $259, Sept. $264, Oct. $269, Nov./March $279. Brazil Pellets July $270, Aug. $276, Sept. $282.

PARIS, July 17.

Cocoa—(FFr per 100 kg): July 990, Sept. 1,000-1,007, Dec. 1,036-1,045, March 1,071-1,075, May 1,085, July 1,095. Sales at call: 1.

Sugar—(FFr per 100 kg)—Oct. 2,850-2,855, Nov. 2,930, Dec. 2,945-2,955, March 1,071-1,085, May 1,085, July 3,030, Aug. 3,010, Oct. 3,000. Sales at call: 12.

INDICES

FINANCIAL TIMES

July 16	July 15	Mnth ago	Year ago
274.40	274.18	264.99	285.68

(Base: July 1, 1952=100)

MOODY'S

July 16	July 15	M'nth ago	Year ago
1179.8	1176.8	1137.6	1083.4

(December 31, 1931=100)

DOW JONES

Dow Jones	July 16	July 15	Month ago	Year ago
Spot	454.77	438.21	428.42	408.67
F'tur's	453.77	452.78	439.95	422.42

(Average 1924-25-26=100)

REUTERS

July 17	July 16	M'nth ago	Year ago
1691.0	1686.4	1674.8	1554.7

(Base: September 18, 1931=100)

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	17 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	17 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

Gilts maintain strong tone but equities unsettled by Courtaulds' statement and absence of MLR cut

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18

* "New time" dealings may take place from 9 am two business days earlier.

Courtaulds' grim statement that the effects of recession have been more severe for the group than expected, and the absence of any further reduction in Minimum Lending Rate brought London equity markets down to earth yesterday. After breaking through the psychologically important 500 barrier on Wednesday, the FT Industrial Ordinary share index yesterday advanced further to 504.6 at noon, but closed 6.2 down on balance at 496.9.

In direct contrast, Gilt-edged went from strength to strength and the FT Government Securities index established yet another high since October 8 last year. Home and overseas investors took the view that MLR would be cut sooner rather than later, and that Government funding later in the year would be on terms less favourable than offered by existing stocks. Confirmation of last week's money stock trends added to the current feeling of optimism.

Longer-dated issues immediately regained opening falls of ½ to ⅝, caused by profit-taking late the previous evening, and went higher to close at the session's best. Gains in the sector ranged to ¾ with Wednesday's exhausted medium tap stock, the £20-paid Treasury 12 per cent 1987, settling ¼ up at 21 against the issue price just over a week ago of 20. Shorter maturities improved about ¼, and sometime more. The possibility of replacement tap stocks being announced today aroused much conjecture but made no impact on the strong tone.

Prior to Courtaulds' announcement, trade was brisk again in many equity sectors with buyers predominating. Afterwards, substantial nervous selling of Courtaulds ensued which triggered a sharp fall to 74p before a close of 76p, down 7 on the day, and this affected sentiment in equities as a whole. The unsettled atmosphere continued after the official close of business and leading shares often came to rest at the day's lowest.

A slight decrease in Traded Option activity saw 1,780 contracts completed compared with the previous day's 2,047.

Union discount jump

Still drawing strength from the current buoyancy of the gilt market and Union's encouraging interim statement, Discount Houses recorded fresh double-figure gains in places. Union jumped 30 for a two-day advance of 45 at 500p, while Gerrard and National added 16 to 288p and Cater Ryder 20 to 375p. Gillett Bros. improved 13 to 198p and Allen Harvey and Ross 10 to 400p. Alexanders put on 7 to 265p ahead of Monday's first-half figures. The major clearing banks gave an erratic performance in active trading. In front of today's interim results, Lloyds were supported up to 356p before closing a net 4 down on balance at 343p, while NatWest ended 3 off at 375p, after 390p. After the previous day's rally of 26 which followed comment on the bank's £346m purchase of a 57 per cent stake in Crocker National Bank of California, Midland improved further to 384p in the early trade but closed 10 down on balance at 368p. Elsewhere, Manson Finance found support at 49p, up 4; the preliminary results are due later this month. Leopold Joseph firmed 10 to 155p in a thin market.

Better-than-expected preliminary results took Distillers up to 222p before reacting to close 3 cheaper on balance at 214p. Leading Breweries were rarely altered, but Higsons firmed 6 to 80p in secondary issues, while Border improved 4 to 102p.

Business in Buildings was better balanced, but the undertone remained firm. BPB closed 4 dearer at 244p, after 274p, while Ready Mixed Concrete finished a couple of pence to the good at 191p, after 192p. Tarmac eased 2 to 256p, but Blue Circle held at 386p. Elsewhere, Armitage Shanks, reflecting the recent strength of Blue Circle, added 3 to 104p, while UBM hardened a penny to 76½p. Interest in Timbers revolved around Mallinson-Denny which, on renewed speculative buying, touched 63p before settling a net 3½ higher at 62p; the new nil paid shares closed 2½ firmer at 9p premium, after 10p premium. Housebuilders continued to attract buyers, Gough Cooper and John Laing A adding 5 apiece to 75p and 61p respectively.

ICI touched 384p before the appearance of sellers left the close a net 8 off at 374p. Fisons, at 254p, lost 3 of the previous day's gain of 10 that stemmed from its agrochemicals link-up with Boots. Leigh Interests shed 6 to 174p despite the chairman's cheerful statement at the annual meeting. Dealings in the shares of Revertex and Yule Catto were suspended at the companies' request at 50p and 110p respectively pending an announcement; the latter is currently bidding £5m for the oustanding Revertex equity.

Stores mixed

Stores plotted an irregular course in moderate trading. Gussies A closed a couple of pence easier at 432p following annual figures in line with expectations. Wearwell cheapened 3 to 52p despite the bumper dividend and profits and Home Charm fell 5 to 102p, the latter in belated response to adverse comment. Northern Goldsmiths dipped 4 to 70p as did Polly Peck, to 106p but Freemans and Grattan both closed that much better at 138p and 68p respectively. B. Paradise gained 3 to 26p following acquisition details and F. W. Woolworth hardened 1½ to 60½p on the investment recommendation.

Electrical leaders turned easier, falls of 4 being marked against GEC, 472p, and Thorn EMI, 318p, while Plessey eased 2 to 217p. Buyers were still showing interest in secondary issues, but the overall trend was mixed. Electrocomponents put on 11 further to 654p, while Louis Newmark advanced 20 to 360p in an extremely difficult market. Speculative support lifted Pethow 7 to 49p. Farnell improved 6 more to 363p and Eurotherm gained a like amount to 356p. By way of contrast, adverse Press mention prompted a reaction of 6 to 116 in Forward Technology. Muirhead came back 6 to 116p as recent bid speculation faded.

Leading Engineers encountered scattered offerings after a firm start. Hawker, up to 252p in the early dealings, drifted back to close without alteration at 244p, while Tubes ended a few pence firmer at 288p, after 292p. Elsewhere, Westland encountered further support and touched 117p before settling at 116p for a rise of 5. Victor Products improved a similar amount to 210p and Simon continued firmly by rising 4 more to 272p. Satisfactory trading statements left GM Firth 3 higher at 37p and Wellman Engineering 2½ dearer at 67p. In contrast, Weir Group encountered selling and gave up 5 to 32p, while B. Elliott closed a like amount down at 255p following the full report.

Bestobell good again

A fresh fall in world sugar prices clipped 4 from Tate and Lyle, 148p, and 5 from British Sugar, 238p. Elsewhere in Foods, Unigate shed 4 to 132p despite preliminary profits broadly in line with market estimates. Among Supermarkets, Linfood met with support and gained 5 to 160p

Renewed speculative support on hopes that BTR will return for a second bid as soon as the obligatory waiting period ends in the middle of next month prompted a fresh rise of 17 to 315p in Bestobell. In the wake of Provincial Limited's and Michael A. Ashcroft Holdings' acquisition of 1.9m shares in Pritchard Services to take their combined stake up to just over 20 per cent, Pritchard hardened a penny more to 70½p; other laundry and dry cleaning issues gained further ground in sympathy. Sunlight Services added 4 to 67p and Brengreen put on 2 to 31p.

Syltone rose 7 to 197p on the results and Gestetner A improved 4 to 77p after comment on the half-yearly figures. Royal Worcester put on 15 to 285p and Whatman Reeve Angel gained 6 to 77p as did Foseco Minsep, to 164p. Thomas Tilling added 5 to 172p, after 174p, but Hollis Bros. and ESA fell 6 late to 39p on the sharp contraction in profits. Ferguson Industrial declined 8 to 72p following disappointing first-quarter results and Christie-Tyler softened a penny to 51p, after 48p, on poor annual figures.

Motor Components eased as recent buying enthusiasm waned, Dunlop shedding 3 to 80p, Lucas a penny to 214p and Dowty 4 to 248p. Commercial vehicle concern E.R.F. remained a sensitive market and lost 3 to 62p. Garage concerns made another firm showing, Pennine rising a further 2¾ to 13¾p, after 14p, on increased speculative interest. Arlington, 90p, Hartwells, 62p, and Appleyard, 45p, all added 3.

Associated Newspapers shed 18 to 294p and Daily Mail A 8 to 495p on second thoughts about the respective interim results. Elsewhere, United and Pearson Longman firmed 5 apiece to 228p and 222p respectively. Among Paper/Printings, Ault and Wiborg touched 49p before closing a net 2 up at 47p.

In Properties, London Provincial Shop jumped 23 to a 1980 peak of 370p on speculative buying. United Real gained 13 to 415p in a thin market, while Dorrington put on 6 to 102p and Anglo Metropolitan added 5 to 75p, after 77p. M. P. Kent, 71p, and Westminster and Country, 50p, both firmed 3, while Country and New Town added 1½ to 54p. A squeeze on bear positions lifted Greycoat Estates 3 to 157p. Elsewhere, Haslemere Estates shed 8 to 354p on the slightly disappointing preliminary results, while profit-taking clipped 6 from Great Portland Estates, 274p.

Shell active

A good two-way trade in Shell unchanged at 426p, and a brisk demand for Royal Dutch, up £1 at £38¾, provided the main interest in an otherwise rather drab Oil sector. BP drifted off to close 4 lower at 352p.

The proposed £35m rights issue which accompanied the interim results unsettled Lonrho which declined 4 to 110p.

Trusts maintained the firmer trend while, in Financials, Rosehaugh were noteworthy for a rise of 6 at 131p.

Among Shippings, British and Commonwealth edged up 5 more to 357p, but P. and O. Deferred, at 131p, lost 4 of the previous day's rise of 5.

Unsettled by the chairman's bearish statement on current trading at the annual meeting, Courtaulds fell to 74p before settling at 76p for a net fall of 7. Other leading Textiles took their cue from Courtaulds with Carrington Viyella, 13p, and Coats Patons, 54½p, reacting 1½ apiece. Nottingham Manufacturing eased 2 to 102p.

Australians busy

A generally buoyant Australian sector was highlighted by sharp gains in oil-shale issues following the results of the first hole drilled at the Greenvale-Esperance / Central Pacific-Southern Pacific oil-shale prospect at Nagoorin in northern Queensland.

Heavy overnight demand in Australian markets was followed by sizeable interest in London, and Greenvale moved ahead strongly to touch a record 305p before closing a net 40 higher at 280p while Esperance touched a peak 345p prior to ending 45 up on balance at 335p.

Central Pacific Minerals rose ⅜ to £32⅜ and Southern Pacific Petroleums touched £12 before closing unaltered on balance at £11⅞.

Among other oil-shale stocks, International Mining put on 5 to 45p.

Golds continued to make good progress; Poseidon advanced 11 to 220p, Gold Mines of Kalgoorlie a similar amount to 436p and North Kalgurli 3 to 92p. Base-metal issues attracted good support with Western Mining 8 better at 259p; the price in yesterday's issues was incorrect.

Strata Oil added 8 more to 150p, after a peak 152p, still awaiting the results from the Woodada No. 2 appraisal well.

South African Golds traded quietly before moving ahead sharply in the after-hours' trade ahead of the dividend declarations from the Anglo American group Transvaal mines. The Gold Mines index put on 6.3 to 360.2.

Most of the late buying was directed towards Vaal Reefs and Southvaal. The former put on 1⅜ to £30⅜ and the latter ⅜ to £12⅞.

Financials edged higher in the wake of Golds. Anglo American added 10 to 625p and "Amgold" ⅜ to £39⅛.

London Financials got off to a good start but met profit-taking later, but this was well absorbed. RTZ ended 7 up a 467p.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	54	—	70	50	80	—	353p
BP	330	24	—	46	20	60	—	"
BP	360	5	1	24	26	41	—	"
BP	390	1	—	14	7	30	2	"
BP	420	¾	1	6	4	—	—	"
Com. Union	140	22	10	29	—	34	—	161p
Com. Union	160	3	65	13	—	20	—	"
Cons. Gold	500	40	3	75	1	90	—	538p
Cons. Gold	550	8	4	45	10	60	—	"
Cons. Gold	600	2	—	25	32	40	—	"
Courtaulds	60	15	10	21	—	23	—	74p
Courtaulds	70	6	21	12	50	15	—	"
Courtaulds	80	1	1	6	85	9	—	"
Courtaulds	90	¼	—	3	—	5	1	"
GEC	420	56	—	72	1	92	—	474p
GEC	460	16	10	40	28	64	—	"
GEC	500	—	—	19	41	39	2	"
Grand Met.	120	45	—	47	—	53	2	164p
Grand Met.	130	35	15	38	—	43	—	"
Grand Met.	140	25	1	16½	7	35	—	"
Grand Met.	160	6½	6	16½	5	24	—	"
Grand Met.	180	1	—	7½	27	14	2	"
ICI	360	16	1	32	—	46	30	375p
ICI	390	1½	5	16	—	30	2	"
ICI	420	½	—	7	12	—	—	"
Land Secs.	293	70	—	86	35	—	—	363p
Land Secs.	323	40	11	59	70	71	—	"
Land Secs.	353	10	196	95	66	51	53	"
Marks & Sp.	90	5	1	11	—	14	—	95p
Marks & Sp.	100	½	27	6	—	9½	6	"
Shell	390	36	33	58	22	68	—	426p
Shell	420	9	232	32	85	44	4	"
Totals			654		684		104	
		August		November		February		
Imperial Gp.	80	4½	8	6½	—	10	10	81p
Lonrho	80	32	—	33	—	35	4	110p
Lonrho	90	22	5	24	3	27	—	"
Lonrho	100	12	24	17	5	21	—	"
Lonrho	110	7	10	12	12	16	—	"
Lonrho	120	2½	86	7	20	11	—	"
P. & O.	120	15	15	22	—	24½	2	130p
P. & O.	130	8	20	15	3	17	2	"
Racal Elec.	240	47	19	61	—	71	—	283p
Racal Elec.	260	27	3	44	21	56	—	"
Racal Elec.	280	16	35	31	2	44	1	"
Racal Elec.	300	7	—	20	6	31	—	"
RTZ	390	82	—	97	—	117	2	466p
RTZ	420	52	—	70	5	97	—	"
RTZ	460	23	2	45	—	70	—	"
RTZ	500	19	10	22	3	43	—	"
Totals			257		80		21	

FINANCIAL TIMES STOCK INDICES

—	July 17	July 16	July 15	July 14	July 11	July 10	A year ago
Government Secs.	71.98	71.71	71.07	70.61	70.73	70.71	73.48
Fixed Interest	73.02	72.55	72.24	72.05	71.96	71.92	74.72
Industrial	496.9	503.1	499.8	489.7	493.0	489.4	471.9
Gold Mines	360.2	353.9	349.9	365.2	366.8	361.7	161.3
Ord. Div. Yield	7.29	7.22	7.28	7.46	7.37	7.40	5.70
Earnings, Yld. % (full)	17.68	17.49	17.63	18.07	17.89	18.00	16.87
P/E Ratio (net) (*)	6.83	6.90	6.85	6.68	6.78	6.74	7.46
Total bargains	26,664	28,824	26,358	26,176	27,636	25,425	—
Equity turnover £m.	—	223.62	140.24	114.36	160.71	167.71	69.89
Equity bargains total	—	21,299	20,988	21,394	20,863	21,194	11,726

10 am 503.0. 11 am 503.5. Noon 504.6. 1 pm 500.2. 2 pm 500.0. 3 pm 499.0.

Latest Index 01-246 8026.

Nil=6.37.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	71.98 (17/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	73.02 (17/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (16/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 17	July 16
—Daily		
Gilt Edged	142.8	138.5
Industrials	147.4	144.2
Speculative	35.3	38.6
Totals	99.7	98.1
5-day Av'ge.		
Gilt Edged	129.6	125.0
Industrials	136.6	134.2
Speculative	41.7	44.1
Totals	92.8	90.7

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (269)

BRITISH FUNDS (63)
CORPORATION LOANS (12)
COM'WEALTH & AFRICAN LOANS (4)
LOANS (7)
FOREIGN BONDS (2)
AMERICANS (2)
BANKS (18)
BEERS (3)
BUILDINGS (13)
CHEMICALS (1)
DRAPERY & STORES (7)
ELECTRICALS (9)
ENGINEERING (10)
FOODS (2)
INDUSTRIALS (25)
INSURANCE (6)
MOTORS (2)
NEWSPAPERS (2)
PAPER (1)
PROPERTY (20)
SHIPPING (1)
TEXTILES (1)
TRUSTS (27)
OVERSEAS TRADERS (3)
MINES (1)

NEW LOWS (17)

BUILDINGS (2)
Heywood Williams McLaughlin & Harvey
CHEMICALS (1)
Cory (Horace)
STORES (2)
Boardman (K.O.) Northern Goldsmiths
ENGINEERING (3)
Aurora Smith Whitworth
Butterfield Harvey
FOODS (1)
F.M.C.
INDUSTRIALS (6)
Armour Trust Maddock
Hollis Bros. Moss (Robert)
Leadenhall Sterling Wood & Sons
INSURANCE (1)
Moran (C.)
LEISURE (1)
Black & Edgington

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	83	3	6
Corpns, Dom. and Foreign Bonds	32	1	33
Industrials	278	225	891
Financial & Propy.	181	74	242
Oils	15	8	16
Plantations	6	—	18
Mines	77	20	61
Others	47	35	83
Totals	713	366	1,350

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thur., July 17, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., July 16 Index No.	Tues., July 15 Index No.	Mon., July 14 Index No.	Fri., July 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	283.06	-0.1	14.39	5.80	7.39	283.32	278.21	272.16	271.95	241.89
2	Building Materials (28)	268.06	+0.6	17.22	6.25	6.82	266.57	260.78	257.97	257.97	223.44
3	Contracting, Construction (27)	419.64	+0.3	22.00	5.83	5.33	418.41	409.25	405.51	406.54	354.43
4	Electricals (16)	793.75	-0.8	12.45	3.29	9.96	800.27	790.14	779.50	777.95	585.66
5	Engineering Contractors (11)	333.79	+0.5	20.34	7.76	6.16	332.15	329.20	329.94	327.21	382.17
6	Mechanical Engineering (74)	188.09	+0.2	16.92	7.04	7.24	187.67	182.94	180.46	179.50	179.07
8	Metals and Metal Forming (16)	172.90	-0.1	20.91	9.82	5.73	173.04	170.95	168.31	169.32	165.94
	CONSUMER GOODS										
11	(DURABLE) (49)	234.49	-0.3	14.18	5.57	8.53	235.23	233.26	229.82	229.38	226.68
12	Lt. Electronics, Radio, TV (14)	350.28	-0.2	11.06	4.03	11.19	351.10	348.86	342.28	340.13	313.92
13	Household Goods (14)	182.54	-0.8	22.63	10.31	5.34	184.07	182.47	178.37	180.86	151.65
14	Motors and Distributors (21)	103.17	-0.5	22.23	9.53	5.20	103.64	101.96	101.69	102.99	113.10
	CONSUMER GOODS										
21	(NON DURABLES) (172)	238.85	-0.4	17.27	6.72	7.00	239.72	238.28	236.29	237.02	233.46
22	Breweries (14)	304.24	-0.3	14.90	6.05	7.83	305.05	302.27	300.93	304.46	277.82
23	Wines and Spirits (5)	317.93	-1.0	17.13	5.88	7.39	321.23	320.98	317.33	317.73	318.37
24	Entertainment, Catering (17)	345.09	-0.7	16.71	6.47	7.42	347.82	347.73	342.30	342.90	308.14
25	Food Manufacturers (21)	218.81	-0.3	18.50	6.84	6.36	219.08	218.18	216.56	214.77	198.83
26	Food Retailing (13)	339.99	+0.4	12.38	4.65	9.64	338.54	333.01	329.50	328.35	308.99
32	Newspapers, Publishing (13)	442.11	-1.5	21.59	6.61	6.25	448.63	442.08	440.97	445.54	406.90
33	Packaging and Paper (15)	140.57	[illegible]	25.46	9.33	4.56	140.33	139.33	137.86	138.11	121.53
34	Stores (45)	270.41	+0.3	13.83	5.47	9.29	227.70	226.91	224.17	225.75	243.35
35	Textiles (21)	134.43	-0.3	24.45	11.75	4.99	140.40	140.49	140.52	141.48	157.33
36	Tobaccos (3)	225.07	-0.7	25.50	10.34	4.46	226.55	223.90	223.41	225.37	222.55
37	Toys and Games (5)	27.63		44.01	13.80	2.63	27.63	27.98	27.84	27.15	68.67
41	OTHER GROUPS (99)	229.60	-0.4	16.02	6.73	7.62	230.49	227.14	223.83	226.86	198.83
42	Chemicals (16)	321.10	-1.4	19.32	7.50	5.93	325.62	322.47	313.64	323.14	300.59
43	Pharmaceutical Products (7)	233.82	-0.4	10.82	5.92	11.43	234.77	233.73	228.29	232.44	215.52
44	Office Equipment (6)	109.63	+0.1	18.47	7.57	6.32	109.55	105.99	107.80	112.13	114.97
45	Shipping (10)	407.41	-0.5	12.64	5.81	9.65	410.42	397.57	395.27	393.72	431.71
46	Miscellaneous (60)	285.04	+0.6	15.71	6.42	7.80	283.30	277.67	275.82	275.56	237.37
49	INDUSTRIAL GROUP (492)	253.10	-0.3	16.53	6.39	7.29	255.81	252.92	249.41	250.74	233.84
51	Oils (8)	869.02	-0.6	18.63	6.35	5.88	873.74	867.34	784.74	790.98	448.53
59	500 SHARE INDEX	288.04	-0.3	16.66	5.38	6.18	300.08	294.67	281.89	283.14	257.36
61	FINANCIAL GROUP (118)	215.20			5.34		216.92	212.96	210.03	210.73	209.40
62	Banks (6)	245.51	-0.9	39.73	6.62	3.09	247.68	236.39	241.25	240.21	236.51
63	Discount Houses (10)	291.16	+4.9		6.09		277.56	269.06	269.54	270.62	261.36
64	Hire Purchase (5)	247.40	+0.4	12.63	4.84	10.28	249.03	240.91	238.29	232.17	163.80
65	Insurance (Life) (10)	231.57	-0.1		6.92		231.67	230.45	223.98	222.64	151.90
66	Insurance (Composite) (9)	156.79			7.86		156.78	155.84	152.76	152.78	128.88
67	Insurance Brokers (9)	346.23	+0.5	13.42	6.61	10.24	344.37	346.64	334.46	331.91	240.53
68	Merchant Banks (13)	138.30	+0.8		4.87		137.11	132.74	131.41	131.61	98.60
69	Property (45)	457.50	+0.1	3.21	2.65	43.58	457.12	428.78	425.64	424.20	386.64
70	Miscellaneous (11)	143.13	+1.4	15.36	6.10	8.27	141.22	139.42	139.13	138.90	129.03
71	Investment Trusts (109)	262.75			5.22		261.98	254.33	257.25	258.50	265.10
81	Mining Finance (4)	246.05	+0.8	10.97	4.02	10.99	244.01	239.42	240.01	244.34	215.24
91	Overseas Traders (19)	416.67	+0.7	11.76	6.72	10.34	413.96	406.52	407.08	430.56	356.66
99	ALL-SHARE INDEX (750)	285.99	-0.2		5.76		286.58	281.71	276.06	280.09	244.71

FIXED INTEREST PRICE INDICES

	British Government	Thur., July 17	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.71	+0.18	—	6.05
2	5-15 years	115.13	+0.48	—	7.67
3	Over 15 years	121.29	+0.40	—	7.61
4	Irredeemables	134.61	+0.28	—	7.24
5	All stocks	114.05	+0.35	—	6.98

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Thur., July 17	Wed., July 16	Year ago (approx.)
1	Low Coupons	5 years	11.22	11.30	10.12
2		15 years	11.77	11.80	11.29
3		25 years	11.19	11.27	10.98
4	Medium Coupons	5 years	12.60	12.68	12.22
5		15 years	12.60	12.68	12.23
6		25 years	12.36	12.45	12.23
7	High Coupons	5 years	12.71	12.78	12.39
8		15 years	12.97	13.04	12.39
9		25 years	12.91	12.95	12.38
10	Irredeemables		10.92	10.94	10.68

		Thur., July 17 Index No.	Thur., July 17 Yield %	Wed. July 16	Tues. July 15	Mon. July 14	Fri. July 11	Thurs. July 10	Wed. July 9	Tues. July 8	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	54.34	13.64	54.10	53.63	53.60	53.63	53.59	53.33	53.35	58.44
16	Investment Trust Prefs. (15)	51.19	13.92	49.71	49.71	49.71	49.71	49.97	49.97	49.97	51.55
17	Coml. and Indl. Prefs. (20)	67.10	13.39	65.34	65.30	65.25	65.25	65.06	64.67	64.61	71.47

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
ICI	£1	10	374	− 8	402	348
Rank Org.	25p	10	180	—	228	168
AGB Research	10p	8	212	+ 2	212	153
Hambro Life	5p	8	260	+ 5	270	112
Rolfe and Nolan	10p	8	75	+ 5	78	67
Shell Transport	25p	8	426	—	426	314
British Land	25p	7	95	—	95	56
Clyde Petroleum	£1	7	510	—	634	230
Lloyds Bank	£1	7	343	− 4	356	277
Assed. Dairies	25p	6	184	—	194	160
Courtaulds	25p	6	76	− 7	87	64
Hepworth Crmic.	25p	6	109	+ 3	112	86½
Lonrho	25p	6	110	− 4	117	78
Ml'sn-Denny New	Nil/pd.	6	9pm	+ 2½	10pm	3pm
Royal Insurance	25p	6	395	—	397	307

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jul. 7	Jul. 18	Oct. 9	Oct. 20
Jul. 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17

For rate indications see end of Share Information Service

Stocks to attract money for the call included Hampton Trust, First National Finance, British Land, UDT, Town and City, Charterhall, Erskine House and Lonrho. Town and City were dealt in for the put, while double options were arranged in Dunlop, First National Finance, North Sea Assets and Carrington Viyella.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]	F.P.	—	100	84	Energy Capital (12p)	84	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Home Farm Prods10p	90	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	‡Hankin & Purser	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	79	Oakwood Group	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Peerless	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	‡Rolfe & Nolan Comp.	[illegible]	[illegible]
[illegible]	F.P.	—	112	106	‡S.P. Minerals10p	105	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‡	Nil	23/7	14pm	9pm	British Home Stores 9% Cnv. Ln. '92	14pm	
[illegible]	F.P.	22/8	101	95	Cowie (T.) 10¼% Conv. Red. Cum. Pref.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Drayton Premier Inv. Trust [illegible]	[illegible]	
[illegible]	F.P.	[illegible]	101⅜	[illegible]	Folkstone & District Water 10pc Pref. '85	101¾	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	London & Midland [illegible]	[illegible]	
[illegible]	F.P.	[illegible]	101⅜	[illegible]	North Surrey Water 10pc Pref. 1985	[illegible]	
[illegible]	F.P.	[illegible]	102	101	Outwich 10% Pref.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	South Staff. Water 9⅞% Red. Pref. [illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	13⅛	12⅛	Sunderland & S.Shields Wtr 9⅞% Red.Prf.1985	13¾	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
65	Nil	[illegible]	30pm	26pm	Anderson Strathclyde	30pm	
103	F.P.	14/7	[illegible]	117	Asbury & Madeley	121	
132	Nil	23/7	[illegible]	14pm	Berisford (S. & W.)	14pm	
102	F.P.	[illegible]	150	124	Brown & Jackson	140	
5	F.P.	[illegible]	152	112	Carless Capel	150	
25	Nil	22/7	[illegible]	[illegible]	Charterhall	[illegible]	
95	Nil	30/7	[illegible]	28pm	Dime Discount	[illegible]	
[illegible]	Nil	30/7	12pm	31pm	Coalite	[illegible]	
[illegible]	Nil	26/7	41pm	35pm	Crest Nicholson	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Harrison & Crosfield	[illegible]	
[illegible]	Nil	30/7	20/8	18pm	Hazelwood Foods	[illegible]	
[illegible]	F.P.	[illegible]	365	307	Land Securities	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	127pm	Lloyds & Scottish	[illegible]	
[illegible]	Nil	23/7	26/8	3pm	Mallinson-Denny	9½pm	+2½
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Pancontinental	[illegible]	
[illegible]	Nil	[illegible]	152	128	Silvermines	[illegible]	
[illegible]	Nil	31/7	26/8	1pm	Thurgar Bardex	1pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating prel. shares and 1 ord. share at 82.50 per unit. † Dealings under special rule.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gin. Tst.	49.8	53.6	+0.6	1.87
Abbey Capital	40.5	43.3	+0.2	5.60
Abbey General	52.3	56.5	+0.3	5.57
Abbey Gilt & F.I. Tst.	113.6	119.4	+0.5	8.97
Abbey Income	48.9	52.9	+0.2	9.13
Abbey Intl. Bd. Tst.	95.7	101.3	+0.2	5.43
Abbey Inv. Tst. Fnd.	44.0	47.6	+0.4	5.36
Equitas Prog. Trust	78.8	85.2	+0.4	5.06

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	92.7	97.5	+1.5	13.34

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	86.8	92.9	+0.5	5.71
Brit. Inds. Fund	75.9	81.2	+0.4	6.40
Growth & Income	46.7	50.0	+0.1	5.56
Elect. & Ind. Dev.	42.8	45.8	+0.3	5.35
Allied Capital	88.8	95.0	+0.7	4.68
Hambro Fund	130.6	139.7	+0.8	6.21
Hambro Acc. Fund	164.8	176.3	+0.9	5.30
Income Funds				
High Yield Fd.	68.9	73.7	+0.4	9.84
High Income	77.3	82.7	+0.2	7.62
A. H. Eq. Inc.	44.0	47.1	.....	7.71
Govt. Secs.	26.4	27.1	.....	8.38
International Funds				
International	30.7	32.8	+0.1	3.29
Pacific Fund	50.8	54.4	+0.3	2.26
Secs. Of America	60.7	64.9	+0.1	2.77
Specialist Funds				
Smaller Co.'s Fd.	51.6	54.6	+0.3	4.67
2nd Smlr. Co's Fd.	60.1	64.3	+0.3	4.67
Recovery Sits.	126.3	135.1	+0.7	6.78
Met. Min. & C'dty.	63.8	68.3	+0.8	4.32
Overseas Earnings	65.0	69.6	+0.4	5.53
Exempt Funds				
Far East Exempt	57.3	59.6	+0.5	2.97

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	65.9	69.3	.....	4.21

For Cosmopolitan see Cheularion Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	38.6	42.2	.....	10.89
North American	48.7	52.6	+0.2	3.08
Canadian Exempt*	60.5	64.1	.....	5.00
Canadian Trust	57.5	62.1	.....	2.85
Mid Mount High Inc.*	50.8	53.5	.....	9.30
Recovery	57.4	61.4	+0.6	6.80
Gilt Trust	46.3	48.0	+0.1	11.33

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	29.3	31.6	.....	1.19
Cres. Internat'l.	63.4	68.4	+0.2	2.56
Cres. High. Dist.	41.5	44.8	+0.1	10.88
Cres. Reserves	49.7	53.6	+0.3	5.59
Cres. Tokyo	20.8	22.5	.....	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.7	25.1	.....	13.03

Discretionary Unit Fund Managers
BBGao Hse, 36/38 New Broad St, EC2M 1NU.
01-638 4485

Disc. Inc. July 12	218.9	233.5	.....	5.48

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	.....	7.48
Gt. Winchester O'seas	22.6	24.9	.....	4.42

Emson & Dudley Tst. Mngmt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	80.9	87.0	.....	6.00

Equity & Law Un. Tr. M. (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	84.3	88.7	+0.3	4.81

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	25.0	26.9	+0.1	1.29
Fixed Interest	25.1	27.0	+0.1	12.68
Growth + Income	31.8	34.3	+0.1	7.22
Special Sits.	34.0	36.6	+0.3	2.04

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$143.54	145.70	.....	1.53

Next dealing July 25.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$11.26	—	.....	—

Net asset value July 14.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.68	10.70	.....	9.76
AHR Gilt Edg. Fd.	£12.32	12.38	.....	13.23

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Daily dis.: July 16/140.000230 (8.60% pa)

Arbuthnot Securities (C.I.) Limited
P O. Box 284, St. Helier, Jersey. 0534 76077

East & Intl. Tst. (CI)	123.0	129.0	.....	2.91
Dealing last Thurs. of S. Ex. account.				
Gov't Secs. Tst. (CI)	89.0	92.8	+0.8	13.74
Daily Dealings.				
Sterling Fd.	113.0	113.1	.....	—
Dealing on Wed.				

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	US$109.45	110.01	.....	9.09

Prices at July 10. Next sub. day July 16.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	US$59.15	60.99	-0.31	8.97

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	91.0	97.7	.....	5.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Continued on previous page

FT SHARE INFORMATION SERVICE

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"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Int.	Red. Yield
90½	82¼	Aust. 5½pc '81-82	90½	+¼	6.19	12.98
84	72½	Do. 6pc 1981-83	84	+½	7.19	12.15
65½	58	N.Z. 7¼pc 1988-92	65½	+¼	11.11	13.07
80	72	Do. 7½pc '83-86	80	+¼	9.45	12.52
96¼	88	Sth. Africa 9½pc '79-81	96¼	+½	10.02	13.91
160	107	Sth. Rhod. 2½pc '65-70	153#	.....	—	—
169	133	Do. 6pc '78-81	167#	.....	—	—

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Y'ld Gr's
11⅞	850p	Hudson's Bay ‖	885pxd	.....	♦$1.20	—	5.1
14¼	925p	Hud.B.Oil G. $2½	13	–½	h57½	—	1.7
21⅞	13⅝	Imperial Oil‖	16⅞	+¼	$1.40	—	3.1
14	855p	Inco‖	930p	–10	72c	—	2.9
565p	425p	Int. Nat. Gas $1	540p	–5	$1.00	—	7.0
495p	265p	Massey Ferg.‖	270p	–20	—	—	—
200p	100p	Place Gas $1	117p	.....	—	—	—
14⅞	10⅝	Rio Algom	12¾	+⅛	$1.50	—	4.7
19½	14½	Royal Bk.Can. $2	18¼	–⅛	$2.56	—	5.4
25½	15⅞	Seagram Co. C$1	23¾	–⅛	$1.53	—	2.1
11½	890p	Tor. Dom. Bk. $1	11	.....	$1.36	—	4.7
10½	815p	Trans Can. Pipe	920p	–5	$1.16	—	4.8

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[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

180	78½	Anglo-Dominion	150	+15	—	—	—
97	52	Barymin	55	......	—	—	—
17	12	Burma Mines 10p	14½	......	0.62	1.1	6.2
502	300	Cons. Murch. 10c.	300	......	MQ100c	1.8	19.1
180	106	††Hemerdon 10c.	106	......	—	—	—
585	325	Northgate C$1	370	−10	—	—	—
485	327	R.T.Z.	467	+7	15.0	3.2	4.6
33	16	Robert Mines	27	......	—	—	—
58	26	Sabina Inds. C$1.	29½	......	—	—	—
51	43	††SWCM 10p.	45	−1	—	—	—
650	411	Tara Exptn. $1	435	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ⊕ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	32	......	**IRISH**		
Bertam	16	......	Conv. 9% '80/82	£92	......
Bdg'wtr. Est. 50p	440	......	Nat. 9¾% 84/89	£80⅞	+¼
Clover Croft	60	......	Fin. 13% 97/02	£96¼	......
Craig & Rose £1	£10½	......	Alliance Gas	48	......
Fife Forge	32½	......	Arnott	185xr	−2½
Finlay Pkg. 5p	18	......	Carroll (P.J.)	60	......
Graig Ship. £1	£15½	+1	Clondalkin	125	......
Higsons Brew	77	......	Concrete Prods.	78	......
Holt (Jos) 25p	250	......	Helton (Hldgs.)	32	......
I.O.M. Stm. £1	192	......	Ins. Corp.	250	......
Pearce (C. H.)	465	......	Irish Ropes	45	......
Peel Mills	44	......	Jacob	30	......
Sheff. Refrshmt.	102½	......	T.M.G.	87	......
Sindall (Wm.)	143	......	Unidare	80	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lofs"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	18	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¼	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6		
G.U.S. 'A'	34	Thorn	23	**Mines**	
Guardian	23	Trust Houses	12	Charter Cons.	14
G.K.N.	20	Tube Invest.	23	Cons. Gold	48
Hawker Sidd	15	Unilever	40	Lonrho	8
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Friday July 18 1980

Squeeze hits chemical groups

BY SUE CAMERON, CHEMICALS CORRESPONDENT

EUROPEAN chemical companies are being sharply squeezed by a sudden drop in the prices they can get for their petro-chemicals and plastics.

Major companies, such as Imperial Chemical Industries, BP Chemicals and the Shell international group, say the prices of almost all their base chemicals have fallen by at least 10 per cent during the past few weeks. Some product prices have dropped by 17 per cent and seem set to fall still further.

One of the main reasons for the fall in prices is the recession. Demand throughout Western Europe is estimated to have fallen by between 20 per cent and 30 per cent since the start of the year.

But some of the major chemical producers say imports to Europe, particularly from the U.S., are also helping to force down prices and profit margins.

There is controversy in the industry over how the recession should be tackled. Groups such as ICI and BP Chemicals are shutting down some of their plants temporarily in line with falling demand.

Others, in spite of criticism that they are disrupting the market, are trying to maintain volume by cutting prices to the bone.

British companies say they are being hit doubly hard, given falling product prices and over-capacity in chemicals production, by the strength of sterling and by high interest rates.

Chemical contract prices—most chemicals are bought on a contract basis—are renegotiated quarterly. It is estimated that between the second and third quarters of this year, the price of propylene—used to make plastics—has fallen by 17 per cent.

The price of benzene, used in the making of plastics, detergents and fibres, has dropped by about 13 per cent; that of cyclohexane, used to make nylon, is down by about 15 per cent; and that of paraxylene, used to make fibres, is down by as much as 14 per cent.

The prices of some of the major plastics materials such as polyvinyl chloride, polystyrene and low density polyethylene (LDPE) have fallen by 10 per cent or more.

ICI yesterday said demand for LDPE in Europe had dropped by 30 per cent since the start of the year and was likely to fall further during the coming holiday period.

The major chemical producers say they have not yet agreed third quarter contract prices for naphtha, the colourless liquid made from oil that is the most important of Europe's petrochemical raw materials. Until the end of June, the contract price was between $340 and $350 a tonne although prices on the European spot market had dropped to about $310 a tonne.

The spot market accounts for only a tiny proportion of Europe's total naphtha sales but it has considerable influence over contract prices. It is understood that the major oil companies, which produce naphtha, are asking $335 to $340 a tonne for the present quarter's price. The chemical producers do not want to pay more than $320 to $325 a tonne.

BBC cuts likely after fee decision

BY ARTHUR SANDLES

FURTHER substantial cuts in BBC services are likely now that the corporation has been told firmly that there is to be no early increase in the licence fee. The Government is sticking to its two-year fee principle despite complaints by the BBC that inflation is well over the levels upon which the licence was based.

Publication of an exchange of letters between the BBC general advisory council and the Home Secretary will make bleak reading for anyone seeking further BBC concessions in the musicians dispute. Indeed, further storm-provoking cuts appear inevitable.

Last November, the BBC was given a £9 increase in the colour licence fee (to £34 a year) on the basis of a two-year term. Mr William Whitelaw, the Home Secretary, has been told that the BBC will be in serious financial difficulties if those terms are kept.

Mr Whitelaw has, however, replied to a letter from Sir Frank Figgures, chairman of the advisory council, in blunt terms.

"While acknowledging your concern, I do not have in mind any change in the licence fee before the end of this year: on the contrary, I am afraid that what I said last November about the period to be covered by the licence fee stands."

However, Mr Whitelaw has said that he hoped to put the licensing system as a whole on a sounder basis.

Sir Frank had written to the Home Secretary saying that BBC estimates of future expenditure used in the licence fee negotiations of 1979 had been based on inflation rates of 16.5 per cent and 12.5 per cent in the years 1980-81 and 1981-82.

A special meeting of the advisory council in April had reviewed the position in the light of the much higher inflation rates being experienced.

"Having reviewed in detail the BBC's financial proposals, the council came to the conclusion that, although cuts in the BBC's operations were inescapable in the current financial year, the BBC would suffer lasting damage if it did not receive a further increase in the licence fee before the end of 1980," Sir Frank said in his letter.

The letter talked of "very serious risks ahead." The ability of the BBC to reduce its borrowings was endangered, it said, and "further cuts may well appear essential."

Big contract for Babcock in S. Africa

By Maurice Samuelson

BABCOCK and Wilcox International has won a large share of the biggest contract ever placed by South Africa—a £442m order for coal-fired power station plant.

Its subsidiary, Babcock and Wilcox Engineering, will build six 600MW turbo-generators for the power station, which South Africa's Electricity Supply Commission (Escom) plans to build at Lethabo in the Orange Free State. Worth £165m, Babcock and Wilcox International says it is the biggest it has ever won overseas.

The £227m order for the boilers has gone to a Franco-German consortium of the MAN group and Alstom Atlantique.

The power station is one of several coal-fired plants being built in South Africa. Babcock and Wilcox had also tendered for a similar contract at Tutuka, 150km from Johannesburg. That £206m order went to the General Electric Company in April.

The financial package for Babcock's Escom contract was arranged by the Schroder merchant banking group.

Lonrho £35m rights issue

BY JOHN MOORE

LONRHO, THE international trading conglomerate, is raising £35m from its own shareholders through a rights issue. The group intends to use part of the proceeds from the cash call to help it develop new interests in North Sea oil exploration.

Lonrho said yesterday that it was planning to enter North Sea oil exploration through a syndicate with two oil companies. The deal is still under negotiation but an announcement is expected in the next few weeks.

Mr. Philip Tarsh, a Lonrho director, said yesterday that if the deal is clinched it could lead to Lonrho's entry into the seventh round of applications for licences in the North Sea.

Lonrho's results for the first half of its current financial year showed that pre-tax profits had risen 76.5 per cent from £29.4m to £51.9m in the six months to March 31.

On the London stock market yesterday Lonrho's shares fell 4p to 110p.

Under the terms of the rights issue, the largest made by Lonrho, shareholders are being offered one new ordinary share at 80p for every five shares they already hold.

As a result of the cash call, 43.7m new Lonrho shares will be issued. Lonrho directors are taking up the rights offer which they are entitled to through their own beneficial shareholdings and other interests, which represent 14.2 per cent of Lonrho's present issued share capital.

Mr. Tiny Rowland, Lonrho's chief executive, is personally underwriting the balance of the issue.

After expenses the deal will raise £34.4m for Lonrho.

Lord Duncan-Sandys, Lonrho's chairman, said yesterday that although the group had sufficient working capital for its present requirements it wished to raise further equity, which would be used in the first instance to reduce short term debt.

Lord Duncan-Sandys said it was the group's intention to take advantage of expansion opportunities in particular North Sea oil exploration.

Lonrho intends to develop oil refining and trading activities through Princess Properties International, a subsidiary jointly owned with Mr. Daniel K. Ludwig, one of the world's richest men.

Aveling Barford loses £24m

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AVELING BARFORD, BL's construction equipment subsidiary, made a net loss of £24m last year on sales of £44.17m.

The business was reorganised at the beginning of this year and Mr. Roger Lockwood, the new managing director, said yesterday that the company was on a course to return to profits in 1981.

BL decided to sell Aveling Barford at the beginning of 1979 and as the year progressed the company was disrupted by management changes and rationalisation.

The Acrow construction equipment group emerged as a potential purchaser, but dropped out in November. There were no other companies willing to offer anything like the price BL had in mind—£8m to £10m representing the asset value.

While negotiations with Acrow were going on, the Aveling Marshall plant at Gainsborough in Lincolnshire was closed down with the loss of 763 jobs. Both the Goodwin Barsby and Barfords of Belton subsidiaries were sold off.

There were also 300 redundancies at the major Aveling Barford plant at Grantham. This was a 15 per cent cut in the workforce and took it down to the current 1,750.

The 1979 results reflected all these difficulties. Turnover fell from £53.8m to £44.17m. The taxable loss rose from £7.868m to £15.788m. Tax took £6,000 against £15,006.

There was an *extraordinary* debit of £8.244m to cover the cost of redundancies and plant closures last year. There was no comparable figure the previous year. The loss of £24m for 1979 compared with a loss of £7.88m the previous year.

Continued from Page 1

Lending

there have been reports of some easing since mid-June.

Public-sector borrowing has been higher than expected, and this was only partly offset by large sales of gilt-edged stock.

But gilt sales have remained heavy since mid-June, and Whitehall officials claim that there is no great anxiety about borrowing for 1980-81 as a whole in spite of problems over defence and local authorities.

The combination of high private-sector lending and public-sector borrowing resulted in a continued large domestic credit expansion of £1.35bn last month, the biggest rise since October.

The impact of this on sterling M3 has been significantly reduced by large outflows of capital from the UK. Some of this may be associated with the end of exchange controls as UK financial institutions have built up portfolios of shares overseas.

There has been a sharp rise in lending to UK residents in foreign currencies. This could be partly because of a sharp fall in Eurodollar interest rates.

Depending on the reason for the borrowing there could be a switch back to borrowing in sterling by UK residents if UK interest rates fall.

● The new £400m 3 per cent Exchequer 1983 gilt-edged stock attracted only a small amount of money yesterday. This is normal for such a low-coupon stock which is aimed at higher-rate taxpayers and tends to be sold over a period.

All tenders were allotted in full at the minimum fully-paid tender price of £83.25 per cent.

Observer unions clash worsens

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE DISPUTE at the Observer appeared to worsen last night as one print union accused another of destroying the last chance to save the paper.

The National Graphical Association, the print craftsmen's union, which is at the centre of the dispute, responded in kind to the attack by the largest print union, the Society of Graphical and Allied Trades, on its decision not to accept the Observer's final pay offer.

The NGA national council said that in view of SOGAT's statement, which described the NGA as the "kamikaze pilots" of the industry, it would not now co-operate with any attempt by the TUC to intervene in the dispute.

Mr. Bill Keys, SOGAT general secretary, is chairman of the TUC Printing Industries Committee.

The NGA said that it would have co-operated in such an intervention had it not been for SOGAT's "unprecedented and outrageous outburst." That statement, it said, "has now probably destroyed the last chance to save the Observer."

The NGA has said that it is willing to reopen negotiations with the Observer management at any time, and to refer the dispute to the Advisory Conciliation and Arbitration Service.

"Apparently the management are not so if the paper closes, the responsibility will rest on the management's shoulders, not ours."

Mr. Les Dixon, the NGA president, Mr. Joe Wade, the general secretary, and Mr. George Jerrom, the national officer with responsibility for the national Press, meet ACAS officials on Tuesday. The meeting is expected to be only exploratory, and the Observer management is not expected to attend.

Continued from Page 1

Courtaulds

of an "unparalleled slump in home demand in the past three months.

The delegation asked for a Government commitment that the textile industry would not be allowed to fall below a certain minimum production the loss of jobs in the sector would increase in coming months.

Meanwhile Carrington Viyella, another major textiles manufacturer, appointed a new chairman this week. Mr. Derrick Hornby is to take over on Monday from Mr. Leonard Regan, who is becoming president of the company eight months before his planned retirement next April.

Carrington's pre-tax profits for 1979 declined to £8.5m from £14.5m the year before. In the year to March, 1980, Courtaulds improved slightly at the pre-tax level, from £64m. to £68.1m.

Courtaulds shares fell 7p yesterday to 78p after the chairman's statement was released to the Stock Exchange.

Continued from Page 1

Cadbury

said he had backing from holders of 108,520 shares out of a total 200,00. Part of the Cadbury strength in any test of muscle will be the shareholding of many West Country friends which were taken up when he was setting up the company 20 years ago.

Mr. Cadbury argues it was wrong of the directors to make a public issue of what could have been dealt with in the privacy of the company. "I have done everything in my power to contain this dispute."

Tories pressed on plan for Shipbuilders

BY WILLIAM HALL, SHIPPING CORRESPONDENT

PRESSURE IS mounting on the Government to abandon its plan to denationalise British Shipbuilders. *More than 200* Labour MPs signed a House of Commons motion yesterday urging the Government not to jeopardise British Shipbuilders' achievements by the "disposal of the corporation's assets for reasons of dogma."

Mr. John Silkin, the shadow Industry Secretary, said any Labour Government would immediately renationalise the yards after being elected and pledged that the Opposition would fight by every means possible any Government plans to hive off parts of the industry to private enterprise.

The Government is expected to make a statement about its plans for the future of British Shipbuilders within the next few weeks and Labour MPs are increasingly concerned that it intends to honour its election pledge to introduce private capital into the industry.

But, while the Government remains committed to the principle of introducing private capital into shipbuilding, it has not decided whether its election promises should now be pursued.

At his request, Mr. Adam Butler, the Industry Minister responsible for shipbuilding, met Mr. Alex Ferry and Mr. John Chalmers of the Confederation of Shipbuilding and Engineering Unions yesterday to discuss their views about the future of the industry.

All the shipbuilding unions have voiced their firm opposition to any form of "privatisation" and have indicated that any such move would harm the industry's much improved industrial relations climate.

Last July, Sir Keith Joseph, the Industry Secretary, said he would have liked to introduce private capital into the industry but concluded that because of the industry's problems the time was not right. Since then other Ministers have reiterated their wish to introduce private capital into the industry.

Over the past year the nationalised shipyard has met its target order book, negotiated a very moderate wage settlement and has substantially cut its workforce. Many senior shipbuilding executives fear that plans to denationalise the shipyards will destroy the industry's new-found morale.

Options being considered by the Government are:

● To take no action as yet;
● To hive off the three profitable shipyards, Vickers, Yarrow and Vosper;
● To introduce private capital into the whole of British Shipbuilders.

Weather

UK TODAY

CLOUDY, WITH showers. Rather cool.

London, Midlands, Wales, S.E., S.W. and Cent. S. England, E. Anglia, Channel Isles.

Cloudy, showers. Rather cool. Max. 19C (66F).

N.W., N.E. and Cent. N. England, Lakes, Isle of Man, N. Ireland

Cloudy, showers, perhaps bright intervals. Max. 18C (64F).

Borders, S.W. and S.E. Scotland

Cloudy, rain at times. Fresh west wind. Max 16C (61F).

Rest of Scotland

Cloudy with rain and hill fog. Strong winds. Max. 15C (59F).

Outlook: Changeable and cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	24	75	Locarno	S	24	75
Algiers	F	26	79	London	C	15	59
Amsdm.	C	18	64	Luxmbg.	F	15	59
Bahrain	S	39	104	Luxor	S	39	102
Barclna.	S	22	72	Madrid	S	24	75
Beirut	C	27	81	Majorca	F	24	75
Belfast	R	13	55	Malaga	F	25	77
Belgrd.	C	23	73	Malta	S	33	91
Berlin	C	15	59	M'chstr.	R	11	52
Biarritz	F	19	66	Melbne.	C	13	55
Bmghm.	C	12	54	Milan	F	23	73
Blackpl.	R	12	54	Mntreal.	C	20	68
Bordx.	F	23	73	Moscow	R	20	68
Boulgn.	C	14	57	Munich	C	15	59
Bristol	R	15	59	Nairobi	C	21	69
Brussels	C	18	64	Naples	C	30	86
Budpst.	F	20	68	Nwcstl.	R	11	52
B. Aires	S	17	63	N. York	S	27	81
Cairo	S	34	93	Nice	S	26	79
Cardiff	C	15	59	Nicosia	S	28	82
Cas'b'ca	S	22	72	Oporto	S	26	79
Cape T.	S	19	66	Oslo	C	22	72
Chicago	S	28	83	Paris	F	20	68
Cologne	C	17	63	Perth	R	18	64
Cpnhgn.	C	15	59	Prague	F	15	59
Corfu	F	32	90	Reykjvk.	C	13	55
Dublin	C	15	59	Rhodes	F	28	82
Dbrvnk.	F	28	82	Rio J'o	S	23	73
Ednbgh.	R	11	52	Rome	F	26	79
Faro	S	25	77	Salzbrg.	C	15	59
Florence	C	26	79	Singapr.	C	30	87
Frankft.	C	16	61	Stckhm.	R	15	59
Funchal	C	21	70	Strasbg.	S.	18	64
Geneva	S	18	64	Sydney	C	15	60
Gibrltr.	F	23	73	Tangier	F	28	82
Glasgow	R	12	54	Tehran	S	30	86
G'rnsey	F	15	59	Tel Aviv	F	28	82
Helsinki	C	16	61	Tenerife	S	25	77
H. Kong	S	31	88	Tokyo	C	23	73
Innsbrk.	F	19	66	Toronto	S	24	75
Invrnss.	R	14	57	Tunis	R	25	77
I.o.Man	R	12	54	Valencia	S	25	77
Istanbul	F	28	82	Venice	C	21	70
Jersey	C	15	59	Vienna	F	20	68
Jo'burg	S	13	56	Warsaw	C	14	57
L. Plms.	F	23	73	Zurich	C	16	61
Lisbon	S	29	84				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

Lonrho builds up its firepower

Index fell 6.2 to 496.9

The full money supply figures for banking June confirm the perplexing impression created by the preliminary set a week ago. As a result of an enormous Government borrowing requirement (£2½bn unadjusted) domestic credit expansion was very large, and sterling M3 growth was only brought down to 0.7 per cent by £939m of external finances for the public sector. Some of this must be foreign purchases of gilt-edged, but the overall movement in ex*ternal items are still mysterious.*

For example, foreign currency borrowing by the UK private sector has totalled £810m in the past two months. It is unclear whether this is related to portfolio diversification, or whether it is a surrogate for sterling lending which will be switched back into sterling as interest rates fall.

Gilt-edged investors took the figures in their stride; in the equity market it was a day when, for once, industrial reality intruded in the shape of an unsurprisingly gloomy statement from Courtaulds, and the FT index fell 7.7 points in the afternoon.

Lonrho

Lonrho has loaded its gun, and House of Fraser is coming within range. Yesterday's £34.4m rights issue follows hard on the refinancing of about £60m of its borrowings with new foreign currency loans, and on the reorganisation of various trust deeds to allow the ceiling on group debt to rise from £548m to £725m. In addition, Lonrho's share price has been rising *sharply and the market* capitalisation at 110p is £238m before the issue. For comparison, the 70 per cent of Fraser which Lonrho does not already own is now valued at £146m.

This share price strength has been fuelled by Lonrho's interest in a new gold mining prospect, and by its strong profits performance in the current year. The interim figures show attributable earnings of £19.5m compared with £13.2m: last year's figures have been revised down from £16.9m to reflect a more conventional depreciation policy and to iron out exchange differences. The growth is coming from overseas trading and the mining interests, particularly gold and platinum.

The current half year should get a strong seasonal boost from the sugar business. So earnings could rise from under 19p per share to, say, 25p, and the ex rights yield on the basis of the minimum forecast dividend is 11½ per cent. Meanwhile shareholders' funds before the issue are somewhere around £400m, roughly in line with total borrowings after knocking out the export finance debts.

Lonrho may be in no great hurry to mount an attack on Fraser, which in turn is doing what it can to build its defences. Property revaluations and new Board appointments must be high priorities. But whatever Lonrho's immediate plans, Fraser is now nearer to its grasp than ever before.

GUS

Great Universal Stores has had enough diversified strength to carry it through in good shape despite the High Street slump. Thus its buying power in mail order, where it now claims 37 per cent of the agency market, has helped it to show growth in contrast to the setbacks among the independents of the trade, and the finance division has prospered from high money rates. Overseas retailing has also been good, all of which has allowed the group to absorb problems in its chain store operations, in West End stores, and in manufacturing and still produce growth of 11 per cent in pre-tax profits for the year.

But this compares with sales growth, excluding VAT, of 18 per cent, and the margins squeeze has intensified in t first three months of the curre year which shows slightly low group profit. Thus furnitu remains in a very weak positic though in general, GUS h avoided the overstocking pro lems that have afflicted th retail trade elsewhere. Sti last year's big rise in t unearned HP profit reser could provide a cushion, a mail order is holding its ow It seems reasonable to look f slightly better prospects in t second half, when the co parisons will be with a muc more depressed period than th pre-VAT boom of April-Ju 1979. At 436p the "A" shar yield just under 4 per cent.

Distillers

Distillers has recover sharply from its poor strike-h first half, with a final quart boosted by distributors' r stocking after the strike a ahead of price rises. Secon half profits are up £16m at th pre-tax level, stripping out ba ance sheet exchange items a profits on investment sales, give a rise from £178.1m £187.7m in the year to Marc The company's problems wi the important Venezuelan ma ket seem to have been sorte out, but worries over its worl wide market share remain.

This year the company shou benefit from the absence of a expensive strike, but for th last few months the stock cyc has been working aginst i Sales are expected to pick u again in a month or two, bu Distillers is worried about th impact of the recession o volume over the year as whole.

Although 1980-81 may not b exciting in profits terms, Di tilers is a group with great fi ancial strength: the dividend, 1.6 times covered by inflatio adjusted earnings, and the ba ance sheet is virtually u geared, allowing for the u usually high level of debto over its last two year-ends. O a 25 per cent tax change the p/ is only 5 and the yield 7¼ pe cent at 214p.

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